42

STANDING COMMITTEE ON AGRICULTURE
(2008-2009)

FOURTEENTH LOK SABHA

MINISTRY OF AGRICULTURE
(DEPARTMENT OF AGRICULTURE & COOPERATION)

DEMANDS FOR GRANTS (2008-09)

{Action Taken by the Government on the Observations/ Recommendations contained in the Thirty Seventh Report of the Standing Committee on Agriculture (2007-2008)}

FORTY SECOND REPORT

LOK SABHA SECRETARIAT
NEW DELHI

December, 2008/Agrahayana, 1930 (Saka)

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Presented to Lok Sabha on 18.12.2008.

Laid in Rajya Sabha on 18.12.2008.

LOK SABHA SECRETARIAT

NEW DELHI

December, 2008/Agrahayana, 1930 (Saka)

COA No.218

Price: Rs.

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Published under Rule 382 of the Rules of Procedure and Conduct of Business in Lok Sabha (Eleventh Edition) and Printed by

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COMPOSITION OF THE STANDING COMMITTEE ON AGRICULTURE (2008-2009)

[@] Shri Mohan Singh – Chairman

MEMBERS

LOK SABHA

2. Shri Ranen Barman
3. Shri Anil Basu
4. Shri Manoranjan Bhakta
5. Shri Girdhari Lal Bhargava
6. Shri Khagen Das
7. Shri Dharmendra
8. Shri Gadakh Tukaram Gangadhar
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15. Shri K.J.S.P.Reddy
16. Shri Y.S.Vivekananda Reddy
17. Shri Chandra Bhushan Singh
18. Shri M.P.Veerendra kumar
19. Shri Baleshwar Yadav
[*]20. Vacant
[#]21. Vacant

RAJYA SABHA

22. Shri Ishwar Singh
23. Smt. Mohsina Kidwai
24. Shri Vikram Verma
25. Shri Vinay Katiyar
26. Dr. Janardhan Waghmare
27. Shri Sharad Anantrao Joshi
28. Prof. M.S.Swaminathan
29. Shri M.Rajasekara Murthy
[$]30. Shri Kore Prabhakara
[%]31. Vacant

[@] Shri Mohan Singh has been appointed Chairman of the Committee by Hon'ble Speaker, w.e.f. 5 December, 2008 vice Prof. Ram Gopal Yadav elected to the Rajya Sabha, w.e.f. 14.11.2008.

[*] Shri Kuldeep Bishnoi ceased to be the Member of this Committee owing to disqualification under 10th Schedule by Hon'ble Speaker w.e.f. 10th September, 2008.

[#] Shri Hari Rama Jogaiah ceased to be the Member of the Committee owing to his Resignation from Lok Sabha w.e.f. 6 November, 2008.

[$] Shri Kore Prabhakara was nominated by the Chairman, Rajya Sabha, to be the Member of the Committee w.e.f. 1st September, 2008.

[%] Shri Harish Rawat ceased to be the Member of the Committee due to retirement from Rajya Sabha w.e.f. 25.11.2008.

SECRETARIAT

1.	Shri S.K.Sharma	-	Secretary
2.	Shri A.K.Singh	-	Joint Secretary
3.	Smt.Veena Sharma	-	Director
4.	Shri N.S.Hooda	-	Deputy Secretary
5.	Shri Sreekanth S.	-	Sr. Exec. Assistant

INTRODUCTION

I, the Chairman, Standing Committee on Agriculture (2008-2009) having been authorized by the Committee to submit the Report on their behalf, present this Forty Second Report on Action Taken by the Government on the observations/ recommendations contained in the Thirty Seventh Report of the Standing Committee on Agriculture (2007-2008) (Fourteenth Lok Sabha) on Demands for Grants of the Ministry of Agriculture (Department of Agriculture & Cooperation) for the year 2008-2009.

2. The Thirty Seventh Report of the Standing Committee on Agriculture (2007-2008) on Demands for Grants (2008-2009) of the Ministry of Agriculture (Department of Agriculture & Cooperation) was presented to Lok Sabha on 16.04.2008 and laid in Rajya Sabha on the same day. The Ministry of Agriculture (Department of Agriculture & Cooperation) was requested to furnish action taken replies of the Government to the recommendations contained in the Thirty Seventh Report. The replies of the Government to all the recommendations contained in the Report were received.

3. The Committee considered the action taken replies furnished by the Government at their sitting held on 16.12.2008, approved the draft comments and adopted the Forty Second Report. Minutes of the sitting are placed at Appendix I.

4. An analysis of the Action Taken by the Government on the observations/ recommendations contained in the Thirty Seventh Report (14^{th} Lok Sabha) of the Committee is given in Appendix-II.

NEW DELHI;
16 December, 2008
25 Agrahayana, 1930(Saka)

MOHAN SINGH
Chairman,
Standing Committee on Agriculture.

CHAPTER I

Report

This Report of the Committee on Agriculture deals with the action taken by the Government on the recommendations contained in the Thirty Seventh Report (Fourteenth Lok Sabha) of the Standing Committee on Agriculture (2007-2008) on Demands for Grants (2008-2009) of the Ministry of Agriculture (Department of Agriculture & Cooperation) which was presented to the Lok Sabha and laid in the Rajya Sabha on 16.04.2008.

1.2 The Action taken replies have been received from the Ministry of Agriculture (Department of Agriculture & Cooperation) in respect of all the 15 recommendations contained in the Report. These have been categorised as under:

(i) Observations/Recommendations that have been accepted by the Government (Chapter II of the Report)

Recommendations No 1, 5, 6, 7, 8, 12 and 14 (Total-7)

(ii) Observations/Recommendations which the Committee do not desire to pursue in view of the Government's action taken reply (Chapter III of the Report) (Total – NIL)

(iii) Observations/Recommendations in respect of which action taken replies of the Government have not been accepted by the Committee (Chapter IV of the Report)

Recommendations No. 3, 9, 10, 11 and 13 (Total-5)

(iv) Observations/Recommendations in respect of which final replies of the Government are still awaited. (Chapter V)

Recommendations No. 2, 4 and 15 (Total-3)

1.3 The Committee desire that the final replies in respect of recommendations for which the Government has given only interim replies, should be furnished to the Committee expeditiously.

1.4 The Committee will now deal with the action taken by the Government on some of the recommendations in the succeeding paragraphs.

(Recommendation No. 3)

National Rainfed Area Authority & Rainfed Area Development Programme (RADP)

1.5 The Committee had noted that the National Rainfed Area Authority **(**NRAA) established on 3rd November, 2006 gives focused attention to the problems of rain fed area of the country. The Authority is an advisory, policy making and monitoring body charged with the role of examining guidelines in various existing schemes in this area. NRAA although not required to be an implementing and fund disbursing agency, needs to be able to effectively converge the various schemes in different Ministries relating to Watershed Development. The Union Minister of Agriculture and Rural Development will co-chair the Authority.

The potential of development of rain fed areas in the country is immense as rain fed area accounts for 60% of the total cultivated area, but contribute only 45% of agricultural production. Hence, the role of NRAA is going to be pivotal. The Committee recommended that the mandate of NRAA should be widened and its operation has to be holistic, touching upon all aspects of rain fed area agriculture. Being an umbrella organization, NRAA should lay down policies/guidelines relating to rain fed area agriculture.

Special emphasis should be given on cardinal issues like credit, seeds, farm implements, agricultural techniques and modern development, information on all schemes in operation for rain fed area, the benefits being offered, and linkage with grassroot level by constant interaction with farmers together with information that leads to better policy implementation".

Regarding Rainfed Area Development Programme (RADP), the Committee had noted that food grain production in the country accrues from about 142 million hectares of cultivated land. Of this 57 million, i.e., 40% is irrigated and contribute 55% of production. The remaining 85 million hectares are rain fed and account for 45% of the total production. During 2007-08, Government waking up at last, proposed to introduce 'Rain Fed Area Development Programme (RADP) to address the specific needs of rain fed areas. Rs. 100 crore was allocated for the scheme during 2007-08, but, the scheme was not launched for want of 'in-principle' approval from the Planning Commission. However, the Planning Commission has set an outlay of Rs. 2500 crore for the XI Plan period. Budget allocation of Rs. 348.00 crore has been made for 2008-09.

The objectives of the Scheme inter-alia included development of about 22 lakh hectares of rain fed areas in five years. Considering that the total rain fed area under cultivation in India is 85 million hectares, the target fixed for RADP seem to be minuscule

(only 2.6%) of the magnitude of area needs to be developed and proves Government's non-seriousness towards rain fed area agriculture. At this rate more than 100 years will be required to cover the whole of 85 million hectares under RADP.

The Committee had also noted that it is because of neglect of rain fed areas of States like Jharkhand & Chhattisgarh, that only single crop is grown there in spite of 1400 mm of rainfall, and lakhs of people remain without work and means of livelihood. This is being considered to be the major cause of resentment and may be one of the factors for the spread of Naxalite movement.

The Committee were of the opinion that a dossier of development of rain fed area has to be brought out, that shall act as one point reference for all implementing agencies and farmers. Also crop-wise and region-wise developmental strategies should be formulated. This needs to be considered in the back drop of near saturation of productivity from irrigated areas under cultivation. Besides, the Committee expressed their displeasure with the Planning Commission for delayed approval to such a scheme that can deliver revolutionary changes in filling the food basket of our country and provide employment to crores of rural inhabitants, if implemented effectively. The money being spent on importing wheat, oil, etc., at exorbitant rates can be saved, if sufficient funds are allocated for developing rain fed areas for regular agriculture. The Committee recommend that the implementation of RADP be carried out with top priority and the scope be urgently expanded to cover as much rain fed area in the country in a time bound manner. The Committee may be informed of the time frame by which the whole of the 85 million hectares of rain fed areas will be covered under the Programme.

1.6 Regarding NRAA, the Government in their Action Taken Reply, have stated as follows:

> "The views of Parliamentary Committee for widening the mandate of NRAA so that its functioning becomes holistic touching upon all aspects of Rainfed Area of Agriculture are very relevant. These aspects have been adequately addressed in the Office Order issued on 3rd November, 2006. The Authority has been mandated to cover all aspects of sustainable and holistic development of rainfed areas including appropriate farming and livelihood system approaches. Further, NRAA has been mandated to prepare a prospective plan outlining the national strategy and roadmap for holistic and sustainable development of rainfed farming areas and also to evolve guidelines. The NRAA has finalized the Common Guidelines for Watershed Development Projects which have come into force from 1st April, 2008. Further, NRAA is also mandated to identify gaps in input supply, credit availability, dissemination of

technology, insurance cover etc. relating to rainfed area agriculture. Once this exercise is done by the NRAA, appropriate action will be taken by the Government as per recommendation made by the NRAA".

Regarding RADP, the Government in their Action Taken Reply, have stated as follows:

"The Planning Commission has communicated the in-principle approval to the implementation of Centrally Sponsored Scheme of Rainfed Area Development Programme (RADP) at a total cost of Rs.3500 crores during the XI Five Year Plan including a component of Rs.170 crores for National Rain fed Area Authority (NRAA), on 20th March, 2008. Based on the revised outlay of Rs.3330 crores as communicated by the Planning Commission and the comments received from various Ministries/Departments/Divisions of the DAC, the EFC Note has been revised and sent to the Ministry of Finance and the Planning Commission. In view of in the enhanced allocation for RADP it is proposed to cover 25 lakh ha of rain fed area during the XI Plan period.

Development of rainfed and degraded areas is being taken up through various watershed schemes of different Ministries / Externally aided projects. Till the end of the Tenth Plan about 50 million ha of area has been developed under various watershed schemes / projects. The scheme of RADP will be implemented both in areas where no watershed programmes had been taken up in the past and in areas where watershed development works have been already taken up but supplementary production based activities are required to be strengthened. Efforts will be made to expand the coverage of developing rainfed areas through other Schemes of Government as well as the RADP in consultation with the Planning Commission, NRAA and other stake holder Ministries, so as to cover entire rainfed area within a short period".

Comments of the Committee

1.7 Out of the 85 million hectares of rainfed area under cultivation in the country, the Department claims to have covered 50 million hectares under different schemes/projects, in 50 years of time. The Committee is highly dissatisfied with such limping progress in an extremely important aspect that can bring revolutionary change in Indian agriculture. Hence, they reiterate their earlier recommendation that Rainfed Area Development Programme (RADP) be carried out with top priority and if schemes of different Ministries/Externally Aided Projects are proposed/in operation, coordination should be established with them

with the ultimate aim of covering the entire rainfed area in the country. It is also stressed that a dossier of development of rainfed area should be brought out that shall act as one-point reference for all implementing agencies. The Committee would like to be apprised of the rise in production as a result of the additional 50 million hectares put under different schemes/projects of rainfed area development in the last 50 years.

(Recommendation No. 9)

Differential MSP

1.8 The Committee noted that in the case of jute, a single MSP is recommended by the Commission and approved by the Government. Based on the basic MSP, different MSPs for jute are announced subsequently, keeping in view the quality considerations and consequent input price differentials, which vary from place to place. These MSPs are in fact derived prices from the basic MSP fixed by the Government, mainly to ensure that the farmers are paid better prices for their better varieties. It is recommended that this system of calculating MSP should be adopted for all the other crops for which Government announces MSP to give better price for better varieties and to compensate regional imbalances in cost-inputs and risk factors of different crops.

1.9 The Government in their Action Taken Reply have stated that the rationale behind a uniform MSP throughout the country is that it encourages greater investment and production in relatively low cost area due to a higher margin of profit and discourages production in the high cost area. Further, a uniform price encourages crop specialization and optimum use of nation's land and other resources on the basis of comparative advantage. The Agricultural Price Policy- A Long Term Perspective (1986) has also justified the uniform support price for the whole country on the ground that it alone can lead to efficient utilisation of resources.

The Commission for Agricultural Costs and Prices (CACP), among other factors, considers the cost of production of various crops for all the major producing States, as collected by different State Agricultural Universities under the *Comprehensive Scheme for the Study of Cost of Cultivation* of Ministry of Agriculture. Under the sampling design of the Comprehensive Scheme for Studying the Cost of Cultivation of Principal Crops, each State is demarcated into a homogenous agro-climatic zone based on cropping pattern, soil type, rainfall, etc. The primary sampling units (Tehsils) are allocated to different zones in proportion to total area of all the crops covered in the study. Based on

this cost of production per quintal is worked out for the major growing states, for specific crops, and their weighted average is estimated and considered by CACP, among other factors, for recommending MSP.

While recommending MSP, an effort is made to cover at least the paid out expenses (A2) of farmers in high cost regions plus the imputed cost (FL) of family labour. (i.e., A2+FL cost) and C2 cost (i.e., full cost of production including the imputed rental value of owned land and capital) in relatively efficient states, keeping some margin for the benefit of farmers.

Comments of the Committee

1.10 The Committee are not convinced with the Action Taken Reply which states that differential MSP based on quality considerations and input price differentials, which works in the case of Jute, is not applicable to other crops. Since Genetically Modified (GM) seeds of Bt Cotton and hybrid seeds of different food crops, oilseeds, pulses, vegetables have also been developed, whose quality is better as compared to traditional seeds and the cost of these seeds to the farmer is much higher, to encourage the farmer to grow good quality and high yield variety of crops, he should be given a profitable price for his produce. The Agriculture Price Policy - A Long-term Perspective drawn up in 1986 also be revisited as tremendous changes have occurred in the Indian agricultural scene in the succeeding two decades.

(Recommendation No. 10)

Contract Farming

1.11 The Committee were told that the benefits of Contract Farming include better quality of inputs, extensive services and assurance of selling the produce at a pre-determined price. However, it was felt there were multitude of latent problems that were emerging one by one. The absence of any rules/guidelines governing the operation of contract farming had vitiated the whole scenario and would not enable sustainable contract farming. Whole lot of issues relating to contract farming remain to be legally streamlined, and foremost consideration should be accorded to the interests of the farmers. Though the Department maintained that land ownership would not be taken over by the contracting company, the Committee felt that company can become the defacto owner, through terms and conditions of contract which may be heavily tilted towards the company due to the help and support of expert legal opinion, lack of awareness of the farmer, type of seeds provided and credit extended under the contract,

etc. Such uncontrolled continuation of contract farming can even result in 'bonded farming'. Besides, the interests of the company may not be in sync with the agricultural priorities of the country, which may be sidelined. Expansion of contract farming can also lead to imbalance in land and water use; agricultural production under contract may not cater to regional requirements and such products which are not used by locals may be preferred, causing rise in price of locally used commodities that may have to be imported or brought from far off places.

The Committee were of the firm view that contract farming might lead to taking over/mortgage/buying of farmers land by the contracting company without lawful consent through threat, coercion, undue influence, fraudulent behaviour, or misrepresentation of facts etc. The national priorities in agriculture and the interest of the farmers have to be protected at any cost. Farmers land should not at any cost be attached, sold, mortgaged, pledged or taken over by the contracting firm, even with the consent of the head of the family, as the agricultural land is an inherited property that can't be sold without the consent of all the legal heirs of the land owner i.e -the 'Karta' of the family. The family and village social fabric will be in jeopardy as contract farming may lead to the loss of freedom of the farmer to produce food crops of his choice for his family needs and feed and fodder for his cattle, poultry, etc. which also provide him extra income by selling milk, butter, chicks, etc.

The Committee felt that the procurement policy of the Government will also be failed as the farmers will not grow food crops for the nation but for the contracting party. The Public Distribution System (PDS) of food items/cereals will be in danger as the Government will not be able to procure enough wheat, rice, sugar, etc. and may have to import all these items leading to heavy financial burden on our exchequer in the form of more subsidy for PDS. The Committee were of the considered opinion that contract farming will benefit the contracting company/firm whose main aim is quite often profit-making. The food security of the nation and the farmers' family interest will take a back seat as he will work like a machine to earn his livelihood and thousand years old cultural and social ethos wherein the whole village worked as a single and self-sufficient unit with all kinds of artisans, dependent on each other worked for upliftment of the whole village will be destroyed.

1.12 The Government in their Action Taken Reply, have stated that the promotion of direct marketing and contract farming and development of competitive agricultural markets in private and cooperative sectors have been identified as key areas of reforms in the Agriculture Sector, to be implemented through the amendments to the State APMC Acts. Contract farming arrangements will provide an effective method of linking

small farm sector to sources of extension advice, mechanization, seeds, fertilizers and credit and to assured and profitable markets, with due protection to farmer's rights over his land. To provide guidance and support to States in amending their State Agricultural Produce Marketing Committees (Regulation) Acts, a model Act was prepared by the Ministry of Agriculture in consultation with all concerned and circulated to State Governments in 2003. Based on the model law, by now 20 States/UTs have either amended their State APMC Acts fully/partially and Bihar Government has repealed the Act. In most of the States which have amended their APMC Acts, a legal framework is in place now to regulate contract farming. This framework provides for:-

- Contract Farming Sponsor to register himself with the Market Committee or with a prescribed Officer
- The Contract Farming Sponsor to get the contract farming agreement recorded with a prescribed Officer
- No title, rights, ownership or possession of land shall be transferred or alienated or vest in the contract farming sponsor or his successor or his agent as a consequence arising out of the contract farming agreement
- Dispute Redressal Mechanism
- The Agricultural produce covered under the Contract Farming agreement may be sold to the Contract Farming Sponsor outside the market yards
- Specification of Model Agreement for Contract Farming so that producers can ensure inclusion of various required clauses in their agreement.

To facilitate State Governments in notifying their amended Rules under the APMC Act, Central Government has also formulated model APMC Rules and circulated to States in November 2007. It is expected that the regulatory provisions being made in State APMC Acts and Rules thereunder, will ensure that under the contract farming agreement both sponsors and the producers will be accountable to the terms & conditions laid down for the farming through a written agreement, which will be recorded in a public office and will be available for any dispute resolution. Further, the rights of the farmer over the title, ownership or possession, etc. will be protected over the land under contract farming and as a consequence of the failure of the contract; they will not lose any right over the land. The agreement prescribed under the law will ensure that farmers get the assured price on supply of the required quantity of produce and the sponsors provide them certain agreed services and technical know-how, if so preferred by both the parties. Government has consciously decided not to promote any kind of

contract farming model where land of the farmer is taken over by the sponsor or his agent for cultivation.

Ministry of Agriculture is of the view that the State Governments through their designated authorities shall ensure that the contract farming, which is generally commodity specific and can lead to monoculture, does not grow beyond proportion to disturb bio-diversity and agricultural ecology. It may be necessary to provide necessary guidelines for land use planning in each region in order to prevent such eventuality. However, since contract farming is happening at a very small scale at the moment, no such threat of spread of monoculture is being experienced in any part of the country at present.

The Ministry of Agriculture is of the view that promotion of contract farming will not affect the procurement of food grains as area covered under contract farming of food grains will be only a limited area. Resorting to procurement at Minimum Support Prices (MSP) is desirable only on occasions, when farmers cannot get a reasonable price in the market and the endeavour of the Ministry of Agriculture would not be that the farmers have only option of selling their produce at MSP at all the times. The Ministry of Agriculture is committed to take such policy measures which can ensure better price realization by the farmers and cover their price risks, rather than keep them dependent on the MSP system for getting minimum prices for their produce. It is true that the contract farming will benefit the sponsoring companies but on the other hand it will also mitigate price risks of the farmers and will provide them remunerative prices, thus will be quite beneficial to the farming community as well.

Comments of the Committee

1.13 Considering the fact that our country is still largely agrarian and a huge percentage of population is dependent on agriculture for their livelihood, the Committee finds it difficult to agree that Contract Farming will benefit the Indian farmer. The Committee are apprehensive that Contract Farming will create more inequality owing to the extreme commercialisation of agriculture and will result in sidelining of the small and marginal farmers. The choice of the farmer to grow food crops for his own consumption and for his cattles etc. will also be adversely affected. The Committee are of the firm opinion that extension programmes have also not been prepared for adequately spreading awareness about the pros and cons of Contract Farming among the farmers.

(Recommendation No. 11)

Development & Strengthening of Infrastructure Facility for Production & Distribution of Quality Seeds

1.14 The Committee have observed that under the scheme 'Development and Strengthening of Infrastructure facility for Production and Distribution of Quality Seeds', the allocation for 2008-09 is Rs.150.00 crore against a proposal of Rs.556 crore by the Department. According to the Department, the proposed amount included Rs.445.86 crore to be released during 2008-09 under the Prime Minister's Relief Package for the suicide affected districts of Andhra Pradesh, Maharashtra, Karnataka and Kerala. The Department has informed that the allocation has to be augmented to meet the requirements.

The Committee were unable to understand why the PM's package, which has a pre-set amount to be released in a pre-determined period, cannot be given in the outlay for the year at the BE stage itself. Moreover, the Committee felt that such schemes, providing relief to people already battered by distress, have to be prioritized in providing allocation.

The Committee recommended that outlays for relief packages/schemes should be reflected separately under a different head and should not be clubbed with the outlay of any regular scheme and be released as per the time-frame fixed for their disbursal to the pre-determined needy people.

1.15 The Government in their Action Taken Reply, have stated that an outlay of Rs.150 crore has been approved by the Planning Commission for the scheme 'Development and Strengthening of Infrastructure Facility for Production and Distribution of Quality Seeds' against the proposed outlay of Rs.556 crore. This Department is of the firm view that additional funds need to be allocated for the scheme to achieve the desired growth rate. The Planning Commission has been accordingly requested to increase the allocation under this scheme.

The Rehabilitation Package approved by the Cabinet for the farmers in suicide prone districts of Andhra Pradesh, Karnataka, Kerala and Maharashtra does not envisage creation of separate heads for scheme wise implementation of the programmes.

Comments of the Committee

1.16 The Committee are not convinced with the reply of the Government as the PM's relief package is only for suicide prone areas of the affected States whereas the scheme for Development and Strengthening of Infrastructure Facility for Production and Distribution of Quality Seeds is meant for the whole country and hence the budgetary allocation for this scheme need to be separately made.

(Recommendation No. 12)

National Project on Organic Farming

1.17 The Committee had noted that the Scheme 'National Project on Organic Farming' was launched from October 2004 onwards on a Pilot Basis replacing the earlier scheme 'National Project on Development and use of Bio-fertilizer'. The Scheme is already implemented throughout the country. Though a relatively new concept, the response to the scheme is learnt to be picking up. The Committee in their 27th Report had requested for greater attention to the scheme to eliminate problems involved in certification of organic farm products and their marketing. Even so, the funds allocated for the scheme for 2008-09 is only Rs.30 crore, which is the highest allocation for a year since its launch. The total funds allocated for XI plan is only Rs.150 crore and the area covered in the entire country under the scheme is also a paltry 3.12 lakh hectare.

The Committee felt that organic farming is a sustainable method of agriculture and in the present scenario it can be economically viable if efforts are taken to develop domestic market for the products along with the already thriving export market. The Committee recommended that the Scheme should be expanded to cover larger cultivated area and the potential of profitable returns to farmers be tapped by bringing down the cost of production that would ensure wider niche market for the products within the country. Programmes should be formulated for generating awareness of the holistic benefits of consumption of organic farm products. Synergic approach by involving the Indian Council of Agricultural Research, Department of health, Panchayati Raj Institutions and NGOs/SHGs may be adopted for the purpose. Krishi Vigyan Kendras may be involved in making farmers aware of the benefits of shifting to organic farming and be made knowledgeable of the ways to do it. One of the off shoots of this endeavour will be a healthier ecological system.

The Committee felt that the involvement of the use of animals, for manure, consumption of by products and the production of energy through bio-gas, is essential

for a successful organic farming system. Coordinated efforts should be made in unison with the Department of Animal Husbandry, Dairying and Fisheries for integration of livestock development for successful implementation of the National project on organic farming.

1.18 The Government in their Action Taken Reply have submitted that the Government is already laying great stress under the Central Sector Scheme National Project on Organic Farming (NPOF), on capacity building, reduction of cost of production and on covering a larger area under organic farming. About 421 service providers have, so far, been appointed with the above purpose in view. Training and demonstrations are being organized on regular basis to spread the message of organic farming amongst more and more number of farmers. Awareness about the benefits of organic farming and organic products is also being created through the medium of seminars, exhibitions and publicity through print as well as electronic media. Under the Department of Agriculture and Cooperation (DAC) – Indian Council of Agricultural Research (ICAR) Interface, ICAR is implementing the programme of preparation of crop/area specific package of practices of organic farming and technology for production of different organic sources of nutrients and disease/pest management. NGOs/SHGs and Krishi Vigyan Kendras are already involved in the implementation of the programme and are making farmers aware about the benefits of organic farming. The National Centre of Organic Farming (NCOF), Ghaziabad, under the Department of Agriculture and Cooperation, have been directed to involve the Department of Health and Panchayati Raj Institutions in implementation of the programme.

The area under organic farming has recorded a big jump over the years. From a mere 45000 ha. in 2004-05, the area has increased to 5.38 lakh ha. during 2006-07. Out of this, 3.12 lakh ha. have been certified, while the remaining area is under the process of certification. NPOF plan to bring an area of 1 million ha. under the organic farming during the 11th Five Year Plan.

For successful implementation of the Scheme through coordinated efforts in unison with the Department of Animal Husbandry, Dairying and Fisheries, the matter for identification of activities for integration of livestock development has been taken up with the Department of Animal Husbandry, Dairying and Fisheries.

Comments of the Committee

1.19 The Committee feel that R&D in organic farming is an option that will make agriculture in India more profitable as organic farming is more environmentally sustainable. Hence, it has to be included as a priority area in agriculture. The

National Project on Organic Farming should be taken well beyond the XI Plan period to cover much greater area. Implication of organic farming on national food security may also be analysed.

(Recommendation No. 13)

Subsidy to Fertilizer Industry

1.20 The Committee had recommended in their earlier reports that subsidy for fertilizer should be directly provided to the farmers if the Government intends to obtain maximum benefit of the fertilizer subsidy scheme. Later on, the Government in its implementation budget document for 2007-08 stated that modalities for providing alternative method of delivering fertilizer subsidy directly to farmers was being worked out. The Department also informed that a study was commissioned by the fertilizer industry, which included the provision of subsidy directly to farmers. The report based on the study was presented to the Department of Fertilizer.

However, the Group of Ministers (GOM), constituted to look into sustainable use of fertilizers and pertinent subsidy and pricing issues, which considered the matter does not seem to have made any such recommendation.

The Committee noted that the subsidy for fertilizers during the year 2004-05 was of Rs.15,779 crores. The estimation by the Department of Fertilizers for the year 2008-09 stands at Rs.60,649.36 crore; subsidy quadrupling in four years. Now, having known the extent of subsidy, it would be disturbing to know that it took more than fifty years for the foodgrains production to grow four-fold from 50.82 million tonnes in 1950-51 to 217.28 million tonnes (Fourth Advance Estimates) in 2006-07. Moreover, the targets set for foodgrain production are hardly ever met. The Government has admitted the fact that Total Cropped Area, Net Sown Area and Cropping Intensity have been stagnating or rather decreasing. Then Committee are unable to understand where the fertilizer so manufactured with a subsidy support to the tune of Rs.60649.36 crore is used. It may be that fertilizers are exported and companies are subsidized for that also.

This scenario points at inherent maladies in the subsidy regime related to fertilizers, and it is evident that there is no correlation between the astronomical amount of subsidy and the output of the agricultural produce. In turn, it is not difficult to infer that the benefits of subsidy are being enjoyed by some one other than the farmer.

The Committee strongly recommend that the present method of providing subsidy for fertilizer has failed completely and require immediate revamp. Providing subsidy directly to the farmer is definitely one of the solutions. All efforts should also be

made to eliminate the existing disparities in terms of subsidy between different types of fertilizers causing usage imbalance".

1.21 The Government in their Action Taken Reply have submitted that the substantial increase in the amount of subsidy over last 3-4 years is mainly on account of sharp increase in prices of fertilizer inputs and finished fertilizers in the international market. This has led to increase in the delivered cost of fertilizers at farm gate level and consequently increase in per tonne subsidy released on fertilizers. It may be noted that the subsidy on fertilizers is the difference between the normative delivered cost of subsidized fertilizers at farm gate level and the selling prices of these fertilizers notified by the Government. The selling prices of these fertilizers have remained constant since 28.2.02 and are as below:

MRPs of Fertilizers

Products	**Existing MRPs.**
Urea	4830
DAP	9350
MOP	4455
Complex Fertilizers	
16:20:00	7100
20:20:00	7280
23:23:00	8000
28:28:00	9080
10:26:26	8360
12:32:16	8484
14:28:14	8300
14:35:14	8660
15:15:15	6980
17:17:17	8100
19:19:19	8300

2. On the other hand, the prices of fertilizer inputs and finished fertilizers have increased sharply over last four years. The prevailing average international price of fertilizers over last few years is as below:-

USD/PMT

Year	DAP	MOP	Urea
	C&F (FOB US Gulf+freight Tampa Mundra)	FOB(FSU)	FOB (Arabian Gulf)
1	2	3	4
2003-04	239.10	97.37	154.44
2004-05	277.69	133.62	215.55
2005-06	296.04	158.75	245.77
2006-07	329.40	172.07	256.72
2007-08	657.57	263.27	341.20
May 08 prices	1270.00	540.00	645.00

3. There has also been a continuous increase in consumption of fertilizers and consequently sales of fertilizers in last four years, which is as below:

Yearwise sales of fertilizers (LMT)					
Year	2004-05	2005-06	2006-07	2007-08	% increase in 2007-08 over 2004-05
UREA	205.47	221.91	244.85	261.67	27.3
DAP	60.79	67.51	69.24	75.55	24.2
MOP	23.14	28.01	23.93	27.82	20.2

4. As already submitted in para1 above, the substantial increase in the amount of subsidy over the last 3-4 years is mainly on account of sharp increase in prices of fertilizer inputs and finished fertilizers in the international market. Thus, the astronomical amount of subsidy is not on account of any additional increase in the consumption of fertilizers as the table under para 3 above would bring out. The present level of consumption of fertilizers in the country is, in any case, only 112 kg. per hectare, which is lower than even the neighboring countries. The production of food grains in the country has, however, kept pace. While the total foodgrain production in 2004-05 was 198.360 millions tonnes, the production is estimated (according to 3rd estimates) to be 227.320 million tonnes in2007-08.

5. As regards the mechanism for delivery of subsidy to the farmers, the same has been considered by a Group of Ministers (GOM) constituted to look into the sustainable use of fertilizers and other pertinent subsidy and pricing issues. The GOM has not recommended any change in the existing pattern of delivery of subsidy. The proposal of Department of Fertilizers for nutrient based pricing of fertilizers was agreed to 'in principle' by the GOM and further action is underway to finalize the policy.

Comments of the Committee

1.22 The Committee are not convinced with the reply of the Government that nutrient based pricing of fertilisers will prove to be a success as the benefit of subsidy will again go to large manufacturers and the farmers will face the same problems they are facing now. The reasons behind the decision of the GoM to continue with the existing delivery mechanism of fertiliser subsidy, in spite of its failure, is also not clear. The Committee are of the firm opinion that a delivery system where the farmer is directly benefited by subsidy would be the best option. The Committee are not convinced with the argument of the Government that there was sharp increase in the prices of fertilizer inputs and finished fertilizers in the international market. Since Government of India imports so many other things other than food crops, do they compare the price of these goods with indigenously produced goods. It is not clear how the fertilizer company is getting the subsidy on the ground of rise in international prices. If the Government is importing through these fertiliser-producing companies they may not produce it indigenously as they get subsidy just by importing the fertilizers. The rate of subsidy on different kind of fertilizers is different and not the same, so the farmer is purchasing the cheaper one and that had led to nutrient imbalance in soil.

The Committee, therefore, reiterate their earlier recommendation that fertilizer subsidy should be given to the farmer directly, and the Government should fix the modalities to give this benefit to the farmer, may be a cash incentive on production of the cash receipt of fertilizer from a certified/registered distributing agency. As the farmers are not getting the fertilisers when they need it, the present system of distribution of fertilisers through Cooperatives and other agencies also need to be re-looked.

(Recommendation No. 14)

Integrated Scheme for Oilseeds, Pulses, Oil palm and Maize (ISOPOM)

1.23 The Committee noted that 40-45% of the domestic demand of edible oils is being met through imports. It is a matter of concern that the country is at this juncture even though the 'Technology Mission on Oilseeds' has been in operation for almost two decades now. The reasons furnished by the Department for low production of oilseeds in India are, non availability of hybrid seeds, low monetary returns due to low production potential, high risk due to climatic vagaries and susceptibility to pests and diseases, use of poor quality seeds and unassured market at remunerative prices resulting in distress sale during harvest season.

The Committee did not concur with the reason of non-availability of hybrid seeds as the information provided by the Department clearly shows that there is no mismatch between demand and availability of certified seeds. This has also been corroborated by acclaimed agriculture Scientist Prof. M.S. Swaminathan. Moreover, if any of the reasons quoted by the Department holds good, it shows the failure, primarily of extension and other related aspects, on part of the Ministry of Agriculture and sends warning signal in case of oilseeds production.

India is a country blessed with all the major available oilseeds of the world including our traditional oilseeds. Still data indicate towards 200 to 300 per cent gap between the potential and achievement, which shows the dismal time and efforts put in by the Government in the oil seeds sector.

The Committee recommended that the Ministry should urgently get their act together, find the exact reasons for the failure and effect a complete evaluation and revamp of schemes aimed at increasing the production of oilseeds. This poor state of affairs should not be allowed to continue.

1.24 The Government in their Action Taken Reply have stated that the Technology Mission on Oilseeds (TMO) was launched by the Central Government to increase the production, productivity of oilseeds and to achieve self-sufficiency in edible oils.

Consequent upon the setting up of Technology Mission on Oilseeds,a major breakthrough in increasing oilseeds production was achieved through an integrated approach by introducing new crop technologies, better supply of inputs and extension services support for marketing and post harvest technologies and excellent coordination/cooperation between various organizations/departments and Ministries. As a result of concerted efforts by the TMOP, the production of oilseeds increased from 10.83 million tonnes in 1985-86 to 25.19 million tonnes in 2003-04. This was brought about not only by increase in area but also by improving the productivity from 570 kg. to 1064 kg. per hectare. The Technology Mission was discontinued in the year 2004. However, the oilseeds production touched an all time record of 28.20 million tonnes during 2007-08(IIIrd Advance Estimates).

There are substantial yield gaps between and within states in respect of various major oilseeds. In order to bridge the yield gaps, frontline demonstrations are being organized through Indian Council of Agriculture Research(ICAR) to demonstrate the latest improved production and protection technologies. Besides, seeds of high yielding varieties/hybrids of oilseeds are being made available to the farmers free of costs in the form of minikits with a view to popularizing them and to bring these varieties in the seed production chain.

With a view to enhancing the productivity and production of oilseeds in the country and also to make the implementation of the integrated scheme of Oilseeds, Pulses, Oilpalm and Maize (ISOPOM) more effective and result oriented, ISOPOM has recently been modified as a part of National Food Security Mission with regard to norms and pattern of assistance, inclusion of new components and additional implementing agencies during 11th Plan period. The assistance on production of certified seeds has been enhanced from Rs500 per quintal to Rs1000/- per quintal besides enhanced subsidy on distribution of certified seed from Rs. 800/- per quintal to Rs1200 per quintal during 11th five year plan.

Further, keeping in view the fact that there is a constraint in area expansion under oilseeds, the thrust during 11th plan will be given towards yield improvement in oilseeds besides promoting the cultivation of oil palm, a crop with a potential of producing 3-3.5 MT of palm oil per ha for augmenting the indigenous availability of edible oils in the country".

Comments of the Committee

1.25 The Committee appreciate the efforts put in by the Department to increase the yield of oilseeds. However, the Committee desire that the Department should take steps to expeditiously bridge the gap between the production of edible oil and the domestic demand. The reasons identified by the Department themselves as the cause for low production of oilseeds should also be eliminated so as to mitigate the dependence on import of edible oils. Along with Oil Palm, Coconut Oil may also be seen as an option that may be promoted to augment indigenous availability of edible oils in the country.

(Recommendation No. 15)

Some other issues related to DAC

1.26 The Committee deliberated on certain issues not directly related to examination of DFG and were of the unanimous view that

(i) the National Policy for Farmers should be operationalised at the earliest in its entirety;

(ii) there should be greater role for local self Government institutions in development of Agriculture;

(iii) all existing soil testing laboratories that are dormant should be revived along with the establishment of new ones;

(iv) overall strategy should be devised, to improve the productivity of small farms/farmers;

(v) there is dire need to keep gender-wise data on all aspects relating to agriculture;

(vi) the gap between 'know-how' and 'do-how' is to be plugged

(vii) ATMA may be located in KVKs;

(viii) awards may be instituted to encourage outstanding farmers;

(ix) ecology should be conserved by the concept on conservation farming;

(x) help of Department of Information Technology may be requisitioned to set up and make Gyan Chaupals efficient/effective;

(xi) Agri-clinics and Agri-Business centers should be rejuvenated by engaging one graduate each from the fields of agriculture, veterinary science, commerce/marketing and home science;

(xii) greater attention should be accorded to the provision of simple and effective farm implements;

(xiii) food security should be ensured during all types of disasters;

(xiv) post-harvest infrastructure be strengthened more on priority basis;

(xv) the issue of climate change should be considered in the gravity it merits;

(xvi) all agricultural loans, long, medium and short, should be delivered at 4% per annum as recommended by the National Commission for Farmers;

(xvii) the cases of loan defaulters should be dealt by constituting Debt-Reconciliation Boards at district level;

(xviii) MSPs be made differential based on crop-wise and region-wise considerations;

(xix) forward markets be regulated more stringently to channel benefits to farmers;

(xx) all schemes under horticulture division be evaluated to assess their performance; and

(xxi) Modified National Agricultural Insurance Scheme (MNAIS) be implemented without further delay throughout the country.

1.27 The Government in their Action Taken Reply, have stated as follows:

"Recommendation Serial No.15 (i)

The National Policy for Farmers should be operationalised at the earliest in its entirety.

1. Consequent to the approval of the National Policy for Farmers, 2007 (NPF), the Department of Agriculture & Cooperation constituted an Inter-Ministerial Committee for preparation of a Plan of Action for operationalisation of the policy. The final draft Plan of Action has already been circulated to all the Ministries and Departments concerned and also to the State Governments. The Action Plan is expected to be finalized and circulated for operationalisation by the end of July, 2008.

2. However, many of the provisions of National Policy for Farmers are being implemented / operationalised through a number of ongoing programmes/schemes being implemented by various Central Ministries and Departments and the State Governments. These, inter alia, include Bharat Nirman for improving rural infrastructure and expanding irrigation potential; National Rural Employment Guarantee Programme; National Rural Health Mission; Accelerated Irrigation Benefit Programme to complete the irrigation projects; pilot projects to repair, renovate and restore water bodies and schemes for groundwater recharge to divert rainwater into dug-wells; revival of agricultural extension system; reforms in agricultural marketing; schemes for development of market infrastructure including Terminal Markets; establishment of National Horticulture Mission; setting up of National Rainfed Area Authority and National Bamboo Mission, etc.; provision of crop loans upto Rs. 3 lakhs to farmers at reduced rate of interest; Rural Infrastructure Development Fund; Rajeev Gandhi Grameen Vidyutikaran Yojana; and several other initiatives. Further, several initiatives and programmes like Rashtriya Krishi Vikas Yojana and National Food Security Mission have been launched by the Government recently, which would operationalise or facilitate operationalisation of National Policy for Farmers. Debt Relief / Debt Waiver scheme has been announced in the Union Budget 2008-09 to address the problems of the indebted farmers. Some schemes and programmes have also been proposed in the Eleventh Plan period, which, once implemented, augment the current schemes and programmes facilitating operationalisation of the National Policy for Farmers. Apart from these schemes and programmes, concerted actions are taken through Central assistance to the States for various activities connected to agriculture and allied sectors and through special / relief / rehabilitation packages, whenever occasion arises. Action is also constantly taken and monitored by the Central Ministries and Departments through various organizations, institutions, research and training institutes under their control and through other autonomous agencies.

3. The Rashtriya Krishi Vikas Yojana, launched by the Government recently, is an umbrella scheme under which most of the provisions of the National Policy for Farmers can be operationalised and implemented depending on the priorities of the State Governments.

4. The Agriculture Coordination Committee under the chairmanship of the Hon'ble Prime Minister would oversee and coordinate the integrated implementation of the National Policy for Farmers, 2007.

Recommendation Serial No.15(ii)

There should be greater role for local self Government Institutions in development of Agriculture

The National Policy for Farmers,2007 stipulates that steps would be taken to strengthen and accord centrality to Panchayats in addressing problems of farmers. A Committee was constituted by Cabinet Secretariat, to review modifications to be made in the existing guidelines for Centrally Sponsored Schemes to ensure the centrality of Panchayati Raj Institutions in their implemention. Guidelines issued under most of the Centrally Sponsored Schemes of the Department already contain enabling provisions to associate Panchayati Raj Institutions in implementation. However, in pursuance of the recommendations, State Governments have been requested by the Department of Agriculture & Cooperation to take following steps in addition to action already taken to associate Panchayati Raj Institution in implementation of Centrally Sponsored Schemes of the Department.

a) Identification of crops and beneficiaries of the schemes of the Department of Agriculture & Cooperation should be in consultation with District Panchayats.

b) Training, extension and awareness creation for these schemes should be through Panchayats and Gram Sabhas.

c) The officials in charge of the implementation of various schemes of the Department of Agriculture & Cooperation should attend the PRIs and Gram Sabha meeting to furnish relevant information and data regarding the schemes and to take appropriate action on the observations in these meetings.

Recommendation Serial No.15(iii)

All existing soil testing laboratories that are dormant should be revived along with the establishment of new ones

It is submitted that at present, there are 651 Soil Testing Laboratories functioning in the country with an analyzing capacity of 7.00 million soil samples per annum. The level of capacity utilization is 82%. The State Governments have been requested to improve the capacity utilization further.

2. It is further submitted that the Department of Agriculture and Cooperation is already providing financial assistance for strengthening of existing Soil Testing Laboratories and also for setting up of new Soil Testing Laboratories under the Centrally Sponsored Scheme "Balanced and Integrated Use of Fertilizers" through the annual Work Plans of the States under the Macro Management Schemes of Agriculture. Further, in the newly formulated Centrally Sponsored Scheme "National Project on Management of Soil Health and Fertility", there is a proposal to provide financial assistance for setting up of 500 static Soil Testing Laboratories during the 11th Plan and 250 mobile Soil Testing Laboratories during 2008-09.

Recommendation Serial No.15(iv)

Overall strategy should be devised, to improve the productivity of small farms/farmers;

The National Food Security Mission has been launched w.e.f.2007-08 in 311 identified districts of 17 States for enhancing the production and productivity of rice, wheat and pulses in the country. The total outlay of the Mission is Rs.4882.48 crore for the XI Plan. The States have been advised to allocate 30% of the budget to small and marginal farmers including women farmers for increasing the productivity of small farms. The assistance for critical inputs like seeds, micronutrients, integrated pest management and integrated nutrient management is being provided for higher investment and output. Besides, the farmers are given training on improved production and protection technologies in rice, wheat and pulses for efficient use of available resources and applied inputs to achieve higher productivity.

Recommendation Serial No.15(v)

There is a dire need to keep gender-wise data on all aspects relating to agriculture

Agriculture Census Division of this Department has been collecting and publishing gender-wise information on number and area of operational holdings since 1995-96 Census for each State/UT and also at All India level.

A National Gender Resource Centre in Agriculture(NGRCA) has been set up in the Department of Agriculture and Cooperation(DAC) in 2004 to act as a

focal point for the convergence of gender related activities and issues in agriculture and allied areas within and outside DAC; add gender dimension to agriculture policies and internalize gender specific interventions for bringing the farm women in the mainstream of agricultural development.

The MIS/Reporting formats of all schemes/programmes of Extension Division have been suitably revised to ensure flow of gender disaggregate data/information. These MIS formats were also shared with other divisions of DAC for a similar action.

Recommendation Serial No. – 15 (vi)

The Gap between 'know how' and 'do how' is to be plugged

1) As a support to the promotion of Agricultural mechanization, Farm Machinery Training and Testing Institutes were set up at Budni (M.P.) in 1955, Hissar (Haryana) in 1963, Garladinne, District Anantapur in 1983 and Biswanath Chariali (Assam) in 1990. These Institutes have since then engaged in developing human resource for agricultural mechanization The FMTTIs have been conducting different types of training programmes in the selection, operation, repair/maintenance and management of farm machinery for the benefit of nominees of Central/State Governments, Private Organizations, retired/retiring Defence Personnel, technicians, rural youth, farmers, women in agriculture and Foreign Nationals, sponsored under bilateral/international programmes.

2) To supplement the efforts of the FMTTIs in human resource development and to train large number of farmers at nearby places, outsourcing of the training through the SAUs, Agricultural Engineering colleges, polytechnics, etc., has been approved during the X plan w.e.f. from 2004-05. For training of farmers, the identified institutions are reimbursed Rs 2500 per trainee per month, which also includes a stipend of Rs 600 and to and fro travel expenses by normal mode of transport.

3) For improving the adoption of new technology equipments by the farmers for enhancing production and productivity, as well as for reducing the cost of production, it is necessary to properly demonstrate the utility of such equipments to the farmers. Therefore, with this aspect in view, the demonstration of newly developed agricultural equipment including horticultural equipment at farmers' fields has been included as a component of the scheme,

'Promotion and Strengthening of Agricultural Mechanization through Training, Testing and Demonstration', during the Tenth Plan. This scheme envisages conduct of demonstration of improved/newly developed agricultural/horticultural equipment, identified by the State Governments/Government Organizations at farmers' fields, to acquaint them about their use and utility for production of different types of crops. 100% grant is provided for the procurement of equipment and contingency expenditure on their demonstrations to the implementing agencies i.e State Governments, ICAR and SFCI.

The gap between 'know-how' and 'do-how' is also being addressed by providing skill oriented training to Extension Functionaries in all the Extension Education Institutes as also through Model Training Courses at various ICAR/SAUs and other Central Training Institutes.

Efforts are being made under ATMA programme, which is in operation in 565 districts to plug the gaps between 'know-how' and 'do-how' by providing skill based trainings and demonstrations to the farming community. Since the scheme follow a bottom-up and demand driven approach, the requisite extension support is provided in a gap-filling mode in agriculture and allied sectors.

Recommendation Serial No.15(vii)

ATMA may be located in KVKs

The ATMAs are largely located in the close vicinity of the institutions managing them. In majority of the cases, ATMAs are located in District Agriculture Office of the State Department of Agriculture if the charge of PD (ATMA) is held by District Level Officer of Agriculture Department. However, in places where the PD(ATMA) post is held by KVKs/Companies/NGOs, the offices are located in the operational premises of the agency.

Recommendation Serial No.15(viii)

Awards may be instituted to encourage outstanding farmers.

There is an in-built provision to encourage outstanding farmers by way of giving awards to the farmers under ATMA programme. Farmer awards to the best farmer representing different enterprises at block level (05 farmers per block) have been incorporated in the cafeteria of activities with an amount of Rs.0.50 lakhs provided to each block for this purpose. Also, the outstanding progressive farmers are encouraged to run the Farm Schools to promote farmer-to-farmer extension under the ATMA Scheme.

The Department of Agriculture & Cooperation is in the process of instituting Lal Bahadur Shastri Krishi Ratna Awards for farmers for outstanding performance in agriculture and allied fields. The draft scheme has been pilot tested by the National Productivity Council. On the basis of the findings of the study the scheme is being revised and is expected to be finalized shortly.

Recommendation Serial No.15(ix)

Ecology should be conserved by the concept on conservation farming

Conservation farming which envisages the efficient use of available resources for optimum output is being followed in the National Food Security Mission and Integrated Cereal Development Programme (Macro Management Programme). The resource conservation technologies like zero tillage, rotavators and sprinkler system of irrigation are being promoted for the conservation of natural resources- soil and water. Besides, the system of rice intensification, a technology which economizes the use of water by about 25-30% as compared to conventional method of rice cultivation is also being popularized among farmers through organizing demonstrations at every 100 ha area coverage of the crop under National Food Security Mission. The total area targeted under system of rice intensification is 5 million ha by the year 2011-2012.

Recommendation Serial No.15(x)

Help of Department of Information Technology may be requisitioned to set up and make Gyan Chaupals efficient/effective

The National Policy for Farmers announced in 2007 by this Department states that:

"The potential of ICT would be harnessed by estabilishing Gyan Chuapals in villages. Further, the common service centres of the Department of Information Technology, Government of India and those set up by the State Governments and private initiative programmes will be evolved for inclusive and broad-based development. Thus, the structure of the ICT-based knowledge system would, inter alia, include setting up of such village centres. Last-mile and last-person connectivity would be facilitated with the help of technologies such as broadband internet, community radio, or internet-mobile phone synergies".

Presently, under the AGRISNET component of the Scheme "Strengthening/Promoting Agricultural Information System", assistance is being given to the State/UT Governments for establishing IT infrastructure and

development of software at district and state level, with the objective of providing agriculture related information/services to the farmers.

This Department is also presently engaged in the designing the National e-Governance Plan in Agriculture (NeGP-A). Phase-I is complete with identification of 18 prioritized services and these identified services are envisaged to be provided to the farmers through the Common Service Centres (CSCs) of the Department of Information Technology (DIT).

Recommendation Serial No.15(xi)

Agri-clinics and Agri-Business Centres should be rejuvenated by engaging one graduate each from the fields of agriculture, veterinary science, commerce/marketing and home science.

The Agri-Clinics and Agri-Business Centres Scheme is open to the graduates of agriculture as well as allied disciplines like Horticulture, Animal Husbandry, Dairy, Veterinary, Poultry Farming and Pisciculture. The project could be taken up by individual graduates or a group of 5 or more trained graduates, one of whom could be non-agriculture graduate with experience in Business Development and Management. Thus, the scheme already provides for a multi-disciplinary approach, as suggested by the Hon'ble Committee.

Recommendation Serial No. – 15 (xii)

Greater attention should be accorded to the provision of simple and effective farm implements.

In order to make available various agricultural implements and machines at cheaper rates, assistance in the form of subsidy @ 25% of the cost with permissible ceiling limits is available to all farmers for the purchase of various agricultural equipments including hand tools, bullock-drawn/power-driven implements, planting, reaping, harvesting and threshing equipment, tractors, power-tillers and other specialized agricultural machines under the centrally sponsored scheme of Macro Management of Agriculture.

Recommendation Serial No. 15(Xiii)

Food Security should be ensured during all types of disasters.

In order to check the rising prices as well as filling the gap between demand and supply the Govt. has reduced the import duties on following items

and prohibited the export of most of these items in order to improve the availability of the essential commodities in domestic market. The details as on 07.05.08 are as indicated below:

(i) Edible Oils: The prices of edible oils have been rising during the last one year. For increased availability and softening of the prices of edible oils in the domestic market the import duty on crude and refined oils has been reduced to zero and 7.5% w.e.f 01.04.2008.. The Govt. has also banned the export of all edible oils under Chapter 15 except Export of Castor Oil, Export of Coconut Oil through Kochi Port, 'Deemed export' of edible oils to 100% export oriented units with the condition that the final product be non-edible and Export of Oils produced out of minor forest produce.

(ii) Wheat: The import duty on Wheat (HS Code 1001 10 90 or 1001 90 20) and on Wheat flour(1101 00 00) has been reduced to zero w.e.f 09.09.06 and 31.12.07 respectively and the export of Wheat and Wheat flour (HS Code 1001 & 1101) has been banned w.e.f 08.10.07.

(iii) Pulses: The import duty on pulses has been reduced to zero w.e.f 08.06.06 and extended the period of validity of prohibition on exports of Pulses(except Kabuli Chana) upto 31.3.2009.

(iv) Rice: The import duty on Rice (1006 30) has been reduced to zero. The Govt. has permitted the export of Basmati Rice including dehusked, brown, semi-milled, milled both in either par-boiled or raw condition (10063020 if the minimum FOB price is US $ 1200 per ton or Rs. 48,000/- per ton. Export of Basmati Rice will be restricted through Kandla, Kakinada, Kolkata, JNPT, Mumbai, Mundra, and Pipavav. The Govt. has prohibited the Export of Non-Basmati Rice(1006 10, 1006 10 10, 1006 10 90, 1006 20 00, 1006 30, 1006 30 10, 1006 30 90, 1006 40 00) w.e.f 01.04.2008.

This Department is responsible for measures relating to coordination of relief measures necessitated by drought, hailstorm and pest attack. The Ministry of Home Affairs is concerned with other natural calamities. The Ministry of Rural Development was implementing the Sampoorna Grameen Rozgar Yojana (SGRY) scheme, which came to an end on 31.3.2008. That scheme had a special component for augumenting food security through additional wage

employment in the natural calamity affected rural areas after due notification by the State Government and its acceptance by the Ministry of Agriculture/Home Affairs. A separate allocation of food grains was considered and made to the affected States on the recommendation of the Ministry of Agriculture/Home Affairs. With effect from 1.4.2008, the National Rural Employment Guarantee Programme (NREGP) is implemented in the entire country with the exception of districts that have a 100% urban population. The objective of the programme is to enhance livelihood security in rural areas by providing at least 100 days of guaranteed wage employment in a financial year to every household whose adult members volunteer to do unskilled manual work.

Recommendation Serial No. – 15 (xiv)

Post harvest infrastructure be strengthened more on priority basis.

"Reforming Agricultural Markets & Promoting Post Harvest Technology" has been identified as one of the thrust areas for the Ministry of Agriculture by the Prime Minister's Office. Accordingly, the Department has formulated a new scheme on 'Post Harvest Technology and Management' for implementation during XI Plan period with budget outlay of Rs. 40.00 crores. The main components of the scheme are as under:

(i) Establishment of units for transfer of primary processing technology, value addition, low cost scientific storage, packaging units and technologies for by-product management in the production catchments under tripartite agreement.

(ii) Establishment of low cost PHT units/supply of PHT equipments with Government assistance.

(iii) Demonstration of technologies.

(iv) Training of farmers, entrepreneurs and scientists.

Development of Post-harvest/Marketing Infrastructure:

Ministry of Agriculture has recently formulated a reform-linked Central Sector Scheme on 'Development of Marketing Infrastructure, Grading and Standardization'. The scheme is aimed at the development of agricultural marketing infrastructure in the country to cater to the post-harvest requirements of production and marketable surplus of various farm products, promotion of competitive alternative agricultural marketing infrastructure by inducing private and cooperative sector investments, strengthening of existing agricultural

marketing infrastructure to enhance efficiency, providing infrastructure facilities for grading, standardization and quality certification of agricultural produce, creation of general awareness and providing training to farmers, entrepreneurs and market functionaries etc. The scheme is reform-linked and has been approved for implementation in those States only, which amend their Agricultural Produce Market Committee (APMC)Act.

Through subsequent modifications in the scheme, the State Agencies such as State Agricultural Marketing Boards and APMCs have been allowed assistance under the scheme for the modernization and strengthening of existing marketing infrastructure and setting up of new facilities with no upper limit of subsidy on an investment from their own funds without borrowing from the financial institutions. The Department has sanctioned 3603 numbers of projects involving subsidy of Rs.16911.50 lakhs till 30.04.2008 under the scheme in the country.

A Centrally Sponsored Scheme on "National Horticulture Mission (NHM)" is being implemented for the holistic development of horticulture sector duly ensuring forward and backward linkages with the active participation of all the stakeholders in 18 States and 2 Union Territories

Creation of post harvest management infrastructure is one of major components under NHM, which includes establishment of pack houses, ripening chambers, cold storages, CA storages, refer vans, mobile/primary processing units. Besides, wholesale markets, rural markets and terminal markets are also being established under NHM.

Recommendation Serial No.15(xv)

The issue of climate change should be considered in the gravity of it merits

Considering the possible impact climate change could have on Indian Agriculture production and economy, Indian Council of Agricultural Research(ICAR), Department of Agricultural Research & Education (DARE), Government of India, Ministry of Agriculture has launched a National Network Project on "Impacts, Adaptation and Vulnerability of Indian Agriculture to Climate Change" in 2004.

The major objectives of this Project are to quantify the sensitivity of crops including horticultural crops and plantations, soils, water, fish and livestock to global climatic changes and this information is being transferred to the field level

for mitigation of adverse impact of climate change. Therefore, there is no need to have separate Cell or division as DARE is also a part of Ministry of Agriculture.

Recommendation No.15 (xvi)

All agricultural loans, long, medium and short, should be delivered at 4 % per annum as recommended by the National Commission for Farmers.

The National Commission on Farmers have not made specific recommendation for providing agricultural loan at the interest rate of 4 % per annum in their Revised Draft National Policy for Farmers (RDNPF). In RDNPF the Commission has recommended that the credit must be in time, in required quantity and at appropriate interest rates (para 1.5.6.1 RDNPF).

The Government has taken affirmative action to provide credit to the farmers at a lower rate. All the banks have been advised to lend crop loans to the farmers upto a principal amount of Rs.3.00 lakhs at the rate of interest of 7 % per annum.

Recommendation No.15(xvii)

The cases of loan defaulter should be dealt by constituting Debt Reconciliation Boards at district level.

Since Ministry of Finance, Department of Financial Services, is the nodal Ministry for the matter relating to constitution of Debt Reconciliation Boards, the recommendation of the Parliamentary Standing Committee has been conveyed to them for taking appropriate action. As soon as action taken report is received from that Department, the Committee would be apprised.

Recommendation No.15(xviii)

MSPs be made differential based on crop-wise and region-wise considerations

The rationale behind a uniform MSP throughout the country is that it encourages greater investment and production in relatively low cost area due to a higher margin of profit and discourages production in the high cost area. Further, a uniform price encourages crop specialization and optimum use of nation's land and other recources on the basis of comparative advantage. The Agricultural Price Policy – A Long Term Perspective (1986) has also justified the uniform support price for the whole country on the ground that it alone can lead to efficient utilisation of resources.

The Commission for Agricultural Costs and Prices (CACP), among other factors, considers the cost of production of various crops for all the major

producing States, as collected by different State Agricultural Universities under the Comprehensive Scheme for the Study of Cost of Cultivation of Ministry of Agriculture. Under the sampling design of the Comprehensive Scheme for Studying the Cost of Cultivation of Principal Crops, each State is demarcated into a homogenous agro-climatic zone based on cropping pattern, soil type, rainfall, etc. The primary sampling units (Tehsils) are allocated to different zones in proportion to total area of all the crops covered in the study. Based on this, cost of production per quintal is worked out for the major growing states, for specific crops, and their weighted average is estimated and considered by CACP, among other factors, for recommending MSP.

While recommending MSP, an effort is made to cover at least the paid out expenses (A2) of farmers in high cost regions plus the imputed cost (FL) of family labour (i.e. A2+FL cost) and C2 cost(i.e.full cost of production including the imputed rental value of owned land and capital) in relatively efficient states, keeping some margin for the benefit of farmers.

Recommendation No.15(xix)

Forward markets be regulated more stringently to channel benefits to farmers

The subject matter pertains to the Department of Consumer Affairs in the Ministry of Consumer Affairs and Food & Public Distribution. DAC has conveyed the recommendation of the Committee to that Department and requested them to furnish the ATN to Lok Sabha Secretariat directly under intimation to this Department.

Recommendation No. 15(xx)

All schemes under Horticulture Division be evaluated to assess their performance

Mid Term Evaluation of the schemes of National Horticulture Mission, Micro Irrigation, Coconut Development Board and National Horticulture Board have been entrusted to different agencies and the reports are likely to be received shortly.

Recommendation No: 15 (xxi)

Modified National Agricultural Insurance Scheme (MNAIS) be implemented without further delay throughout the country.

Based on the recommendations of the Joint Group on Crop Insurance constituted by this Department and views/comments of various stake-holders,

draft Modified National Agricultural Insurance Scheme (MNAIS) was prepared, and sent to the Planning Commission and Department of Expenditure, Ministry of Finance for 'in principle' approval as early as 3rd February, 2005. The Modified NAIS was subsequently, discussed in the Planning Commission and in the meeting of AM with FM on 22.06.2005 and 24.06.2005 respectively. Keeping in view the suggestions of Planning Commission and Hon'ble Finance Minister, further improvements in the proposed MNAIS were made and the proposal was sent to the Planning Commission and Deptt. of Expenditure for 'in principle' approval on 27th February, 2006 and 29th March, 2006 respectively.

In the meantime, this Department finalized the Memorandum for the Expenditure Finance Committee on the MNAIS on the basis of views/comments of the appraisal agencies including the Planning Commission and Department of Expenditure and submitted the same for the consideration of the EFC. EFC meeting was scheduled to consider the proposal on MNAIS on 20th December, 2006, but the meeting was postponed at the instance of the Planning Commission. The Planning Commission has been repeatedly requested at the level of Agriculture Minister/Secretary (A&C) for clearance of the proposal of MNAIS so that further action in the matter can be taken."

Comments of the Committee

1.28 The Committee agree with Recommendation Points numbering 15(ii), (iii), (v), (vii), (viii), (ix), (x), (xi), (xii), (xiii), (xiv), (xv) and (xiv). But Recommendation Points (i), (xvii), (xx) and (xxi) are of interim nature where final replies need to be given. However, the Committee are not convinced with the replies to Recommendation points (iv), (vi), (x) and (xvi).

Under Recommendation Point 15(iv), the Committee recommended that an overall strategy should be devised, to improve the productivity of small farms/farmers. However, the Committee are not convinced with the reply of the Government. The Improvement in the productivity of small farms/farmers need much greater effort. The National Food Security Mission (NFSM) is presently limited to rice, wheat and pulses. However, small farms/farmers are engaged in growing a plethora of crops, mostly as means of their livelihood. It is the productivity of these farms/farmers that has to be improved to turn agriculture into a profitable vocation for them and also to fill the food basket of the country. The Committee would like to be apprised of the measures adopted to raise and assess the growth rate of farmers' income commensurate with the growth rate

and agricultural production. The Department need to devise an overall strategy for this purpose.

Under Recommendation Point 15(vi), the Committee had recommended that as pointed out by the National Commission for Farmers, the gap between 'know-how' and 'do-how' needed to be plugged. The Committee find the reply of the Government explaining the measures taken for bridging the gap between the 'know-how' and 'do-how' unacceptable. Also the Committee are not convinced of the effectiveness of the agriculture extension activities in India either through ATMA or otherwise. The Committee reiterate that the Government should devise newer extension techniques to popularise its programmes among the farmers.

In their reply to Recommendation Point 15(x), the Department is completely silent on setting up of Gyan Chaupals with the help of Department of Information & Technology. The reply only mentions establishment of IT infrastructure and development of software at the district and State level. Whereas, Gyan Chaupals need to be established at the village level. The Committee are perturbed to note the ignorance of the Department and reiterate their recommendation to set up Gyan Chaupals expeditiously.

As regards Recommendation Point 15(xvi), the Committee are not convinced with the reply of the Government to provide credit to the farmers at lower interest rate of seven per cent per annum. The Committee are of the considered view that all agricultural loans; long, medium and short, should be delivered at four percent per annum as some of the States like Kerala are giving farm credit below six per cent interest rate.

CHAPTER II

OBSERVATIONS/RECOMMENDATIONS THAT HAVE BEEN ACCEPTED BY THE GOVERNMENT

(Recommendation No. 1)

Budgetary Allocation

2.1 The Committee noted that for the X Plan the Department proposed an outlay of Rs.25,002 crore but got an allocation BE of Rs.13,200 crore only. However, the actual expenditure incurred was higher at Rs.15,958.42 crore. For the XI Plan, the DAC proposed an outlay of Rs.51,052.12 crore while the tentative allocation for the Plan has been indicated at Rs.41,903 crore. The allocation of Rs.25,000 crore for the Rashtriya Krishi Vikas Yojana, which is a State Plan Scheme, is not included in this. The Plan outlay for 2008-09 for the Department is Rs.6,900 crore against a proposal made for Rs.8973.49 crore.

It was observed that the Central Plan outlay of Rs.6,900 crore for the Department has registered an increase of 25% over BE (2007-08) of Rs.5520 crore. The total plan outlay of Rs.10105.67 crore (Plan Schemes 6900 + State Plan Scheme 3205.67) for DAC, though below the projected requirement, saw an increase of more that 80% as compared to BE (2007-08). Compared to RE (2007-08) of Rs.6927.94 crore in plan allocation for DAC (inclusive of State Plan Schemes) the increase is about 45%. It is noted that there has been significant increase in the outlay for crops (pulses and oilseeds), credit, seeds, rainfed farming system and extension. However, there has been slight decrease in the outlay in some schemes like macro-management, horticulture and agriculture marketing.

The Department had informed that a substantial increase in allocation for DAC compared to BE (2007-08) is considered adequate and, if need arises, additional funds may be sought at the RE stage.

During the examination of Demands for Grants (2007-08), the Department had lamented that Rs.5560 crore (including Rs.40 crore for North-Eastern States) was not sufficient to meet the requirement of the agricultural sector. The Committee note the volte-face by the Department on the adequacy of fund allocation.

It was after a long time that the Department has expressed satisfaction in fund allocation by the Planning Commission. The Committee recommend that DAC should make 100% utilization of the adequate fund allocated for 2008-09 and convert the spurt in allocation to agricultural production / growth. With this financial leeway it is a true occasion to the Department to prove their mettle and worthiness.

The Committee were of the considered view that near body-tight nature of schemes operated by the Ministry of Agriculture, is causing lack of coordination and is also impinging upon their performances. It is recommended that the Ministry should make the schemes inter-operable to produce synergic efforts of agricultural development.

A major hurdle, observed by the Committee, in complete utilization of funds under various schemes was the non-production of Utilization Certificates by the Implementing Agencies. The Department often takes this plea as reason for under utilization. It is noted after an initial release, the further release of funds depend on the production of Utilization Certificates that vouch for the authenticity of implementation.

Besides, the Committee were not convinced of the control of the Ministry of Agriculture over utilization of funds released to the North-Eastern States. They are also apprehensive that the funds allocated for agriculture in the region are not spent entirely for the development of agriculture in North Eastern region and the veracity of Utilization Certificates is not assessed, considering the social and security peculiarities of the region. The Committee should be appraised of the status of the last 2 years non-lapsable fund accumulation and its utilization.

The methods of delivering the results had to be devised and for that the Committee recommend that in addition to the present system of Utilization Certificate, on the spot monitoring of the scheme's implementation by the senior officers / expert of the subject / scheme be taken care of, to ensure proper and prudent utilization of public money allocated for development of the all important agricultural sector.

The Committee also recommended that there is dire need of co-ordination between Rashtriya Krishi Vikas Yojana, National Food Security Mission and National Rainfed Area Authority, more so, keeping in view the critical food situation in the country and the world over.

Reply of the Government

2.2 The Government, in their Action Taken Reply, have stated that it might be noted that while BE for the DAC in 2007-08 was Rs.5560 crore(including Rs.40 crore for State Plan Schemes), RE for 2007-08 was enhanced to Rs.6927.94 crore(inclusive of State Plan Schemes) in order to address the requirement of funds of the Department for the financial year 2007-08.

Under recently launched Scheme of Rashtriya Krishi Vikas Yojana(RKVY), considerable flexibility has been given to States to devise schemes and take up projects according to the requirements and priorities of State Governments.

Efforts are also being made to rationalize norms of subsidy under different schemes of the Department to produce synergy in agricultural development. Guidelines

of schemes such as Macro-Management of Agriculture, Support to State Extension Programmes for Extension Reforms, Development of Market Infrastructure, Grading and Standardization and the Grameen Bhandaran Yojana are being modified to rationalize them. Common guidelines for Watershed Development Projects have been evolved by the National Rainfed Area Authority(NRAA) envisaging greater convergence of efforts under different Schemes implemented in watershed areas.

The Department has taken a number of steps to ensure full and proper utilization of funds which, interalia, include timely release of funds to the implementing agencies, regular monitoring and review of implementation of schemes and utilization of funds, obtaining utilization certificates from the implementing agencies to whom the funds have been released, and continuous interaction with the States/implementing agencies.

Field visits are made by Senior Officers of the Department to oversee implementation of Schemes. External evaluation of schemes has also been introduced to obtain feedback on efficacy of their implementation.

The progress of releases made to the implementing agencies is regularly monitored by the Secretary (A&C) in the weekly meetings held with the Senior Officers of the Department. The Government has also imposed the condition that not more than 33% of the annual allocation made can be utilized in the last quarter of the fiscal concerned. The result has been an improvement in the pace of the release of funds during the year. During 2006-07, 95.50% of allocated funds have been released.

For coordination purposes and to ensure synergy between different schemes being implemented for development of agriculture and allied sector, the Rashtriya Krishi Vikas Yojana (RKVY) envisages the preparation of District Agriculture Plans (DAPs) by the State Government, which will be integrated into State Agriculture Plans (SAP) as a criterion for eligibility of the State for funding under RKVY. Under DAPs convergence of all the centrally sponsored schemes like National Food Security Mission (NFSM), National Horticulture Mission (NHM), Macro Management of Agriculture (MMA), Central Sector & State Plan Schemes will be ensured. Planning Commission has issued detailed guidelines for preparation of DAPs by States in association with Panchayati Raj Institutions.

The budgetary allocation for the North Eastern States has been increasing over the years. As against the Revised Estimates of Rs.588.00 crores for Central Plan outlay for North East States of this Department during 2007-08, the Budget Estimates for 2008-09 are Rs.690.00 crores, an increase of about 17.3%. It is persistent to mention that the budget allocation of Rs.690.00 crores for 2008-09 (for N.E.States) does not include the amount that would be available to NE States under the State-Plan Scheme of Rashtriya Krishi Vikas Yojana(RKVY). As against the Revised Estimates of Rs.389.00, 486.00 and 588.00 crores during 2005-06, 2006-07 and 2007-08 for North East States, the

expenditure has been Rs.289.36, 425.21 and 531.74 crores respectively. In terms of the percentage of actual expenditure under the schemes of the Department for the NE States vis-à-vis the Revised Estimates during 2005-06, 2006-07 and 2007-08 are 74.39, 87.49 and 90.31 crores respectively. This shows an increasing trend of utilization of funds in respect of programmes relating the Department of Agriculture & Cooperation in respect of North East States. Therefore, the percentage of funds transferred to non-lapsable pool of Government of India in this respect is declining.

(Recommendation No. 5)

Women in agriculture

2.3 The Committee noted that women play a very active role in the agriculture sector. She works with the men folk in the fields, rears livestock, backyard poultry and brings feed and fodder for their cattle etc. In addition, they also run the household activities. However, their status as agriculturist is not recognized and she is denied of the credit facilities for her needs. The Committee strongly recommended that the farm women should be treated as skilled labour and along with the men of the household they should also be extended Kisan Credit Card facility and loans through other institutional credit agencies. They should be given the right to own agricultural land which may help in meeting the national goals of improving food and livelihood security, women's empowerment and children's welfare and agricultural productivity. Women Self Help Groups may be encouraged to take part in agriculture and allied activities in a bigger way.

The Committee also recommended that as presently Village Panchayats have one-third representation of women, a Gram Panchayat Mahila Fund should be created for providing agriculture technological skills, information about credit facilities and empowering the women farmers by meeting their common needs, Literacy and training programmes for women should also be run so they have direct access to agriculture policies and programmes for their upliftment.

Reply of the Government

2.4 The Government, in their Action Taken Reply, have stated as follows:

Horticulture Division: Ministry of Agriculture has launched Centrally Sponsored Scheme "Technology Mission for Integrated Development of Horticulture in North Eastern States including Sikkim during the year 2001-02 in North Eastern region and further extended the scheme to Jammu and Kashmir, Himachal Pradesh and Uttarakhand during the year 2003 -04. Under the scheme the role of women has been

adequately addressed wherein entrepreneurial development of women farmers has been emphasized. Under the programme, it is envisaged to make women farmers self-reliant by providing them equal opportunities, so that they are able to avail of the benefits and opportunities of the existing agricultural systems by:

- Organization / identification of women groups which would act as a network for channelizing the horticultural support.
- Need assessment of women farmers in terms of the horticulture Support such as input support, technological support and extension support etc.,
- Prioritizing the activities of the individual women's groups on the basis of the need assessment.
- Provide adequate organizational and financial support to the women groups to make their "self-help groups".
- Provide technical training in horticulture and allied and allied areas to women farmers,
- Provide training in increased managerial, organizational, entrepreneurial and decision making skills.
- Enable them to develop into viable bodies so that they are able to orchestrize their own activities, resources and group interaction.

Assistance is provided for base line survey to identify the amount and type of the work being contributed by the women in the field of horticulture, their role in decision making process and the problems faced by them in farming. The assistance available is @ Rs.10000 per district. Rs.20000 per District for development of curriculum and Rs.5000 per "Self help group of women". Assistance is also available @ of Rs.10000 per District for refresher training of facilitators.

Besides, training of farm women for 5 days @ Rs.1000/ farmer about the production technology, methods to obtain credit loans for the farming purpose and to understand the marketing techniques of the produce, the opportunities and the directions. Training of the master trainers is designed to train a group of trainers on various disciplines of horticulture / allied fields, credit, banks, input agencies, marketing etc.

National Horticulture Mission: In all the horticulture schemes, viz. National Horticulture Mission (NHM), Micro Irrigation Scheme (MI) and the Schemes under the National Horticulture Board (NHB) and Coconut Development Board (CDB), participation of women beneficiaries/farmers is encouraged and women are treated as equal partners. While issuing administrative approvals for flagship schemes like NHM and MI ,

it has been stipulated that the implementing agencies of these Schemes will ensure that at least 30% of the budget allocations are earmarked for women beneficiaries/farmers. Besides, Human Resource Development programme also envisages training on technology transfer, capacity building for women farmers and specific arrangement like separate women's hostel, separate batches, etc are made by the Trainer's organization. This Division will follow the recommendation at the State level and district level involving Gram Panchayats.

Credit Division: Kisan Credit Card (KCC) is one of the key products developed to improve farmers' accessibility to bank credit for production purposes, simplify the credit delivery mechanism and provide more flexibility in the use of credit. KCC scheme aims at providing adequate and timely credit support from the banking system to farmers for their cultivation needs in a flexible, hassle-free and cost effective manner. The content of the scheme has been revised to include the investment and consumption credit needs of the farmers.

There is no gender bias in issuance of KCCs nor has any such incident been brought to the notice of DAC.

Cooperation Division: With the overall objective of bringing women in the cooperative fold from grass root levels through an informal approach to revitalize and encourage women participation in group activities and to improve the socio-economic conditions of women of selected blocks, NCUI is now running 4 exclusive women development projects located at Shimoga (Karnataka,), Berhampur (Orissa), Imphal (Manipur) and Bhopal (MP) under the Special Scheme of Intensification of Cooperative Education in the cooperatively under-developed states. Besides, each field project has got a special women development component. Under this, women are organized into self-help groups and help them develop thrift habits. Women are also given training to undertake income-generating activities by mobilizing their own resources or by borrowing from cooperatives. The projects personnel help them in marketing their produce in the local market and by organizing fairs/exhibitions. One women educational and development project is running in North Eastern Region at East Imphal in the State of Manipur. During the period April, 2007 to November 2007, 53,533 persons were imparted education and training by these projects.

NCDC encourages women cooperatives to avail of assistance under its various schemes. A large number of women members are engaged in cooperatives dealing with fisheries, powerloom garment knitting units, spinning mills, fruits & vegetables etc. Prominent among the women cooperatives which were sanctioned financial assistance by NCDC during the year 2006-07 were 3 handloom weaver women cooperatives in

Nagaland, Jharkhand Mahila Swablambi Poultry Sahakari Sangh, Ranchi, Gujarat State Women SEWA Coop., and Federation Ltd., women cooperatives in 20districts under ICDP and to Self Help Groups of women in 11 districts.

Rainfed Farming System Division: The RFS Division is implementing the National Watershed Development Project for Rainfed Areas (NWDPRA) which has been subsumed under the Macro Management of Agriculture Scheme since November 2000. The programme is being implemented on a Watershed approach aimed at improvement of farming systems in rainfed areas. Two major components, viz, farm production systems and livelihood support system are mostly taken up through Self-Help Groups / User Groups. During the formation of such Groups women beneficiaries are given adequate importance and many such groups are constituted exclusively for the women. The project implementing agencies are advised to encourage formation of women Self-Help groups for active involvement of women in agriculture and allied activities in watershed areas.

Trade Division: Trade Division's existing Central Sector Scheme – Capacity Building to enhance the competitiveness of Indian Agriculture and Registration of Organic Products Abroad' no separate provision has been made for Gender Budgeting. The component of the Scheme is such that funds are being released on Project/Programmes basis. It has however been impressed upon the agencies concerned to give due consideration to the women trainees in different training programmes undertaken under the project approved under the scheme.

Crops Division: The Division is implementing three schemes viz., (i) Mini Mission-II of Technology Mission on Cotton (ii) Mini Mission-II of Jute Technology Mission and (iii) National Food Security Mission, wherein States have been directed to channelise 30% of the allocated funds to Women Farmers.

Mechanization & Technology Division:

1) The Division is implementing the Central Sector Scheme "Promotion and Strengthening of Agricultural Mechanization through Training, Testing & Demonstration" having components of Training, Testing, Demonstration and Outsourcing of training. The development of skill of the women farmers/workers have been adequately taken care of by earmarking 10% of funds and fixing physical targets separately for women. Under the 'Training and testing component' Farm Machinery Training and Testing Institutes have been

organizing short duration training programmes – both institutional & On site for farmers in the areas of selection, operation, maintenance and management of agricultural implements. These institutes have introduced a Training Programme on 'Gender friendly Equipments for Women farmers w,e,f, 2004 -05. Under a new component 'Outsourcing of Training' during the 10th Plan to train large number of farmers in nearby places, despite no separate target being for training of women, the State Govts, have been requested to earmark 10% of the funds under this component for training of women farmers.

2) The demonstrations on the farmers's field including women farmers are organized by State Governments. Though, there are no specific targets for women farmers under 'Demonstrations' however, the women farmers have been actively made to participate in the demonstrations. The State Governments have been requested to earmark 5 -10% of the funds for women and furnish their reports separately on gender disaggregate basis.
3) In order to reduce the drudgery and increasing efficiency in farm operations, a number of agricultural implements and hand tools suitable for farm women have been developed by Research & Development organizations under ICAR. The list of gender friendly equipments (enclosed as Annexure I) has been sent to all the States/UTs for popularizing them through Macro Management scheme. The State Governments/UTs have been requested to earmark 10% of the funds for these equipments.

Agriculture Extension: The scheme "Support to State Extension Programme for Extension Reforms" aims to provide demand driven extension services through active involvement of farmers/women farmers/subject matter specialists/NGOs/Krishi Vigyan Kendras etc wherein the gender concerns are being addressed by allocating 30% of resources for programmes and activities for women farmers and women extension functionaries. 2,12,483 women farmers have been benefited through various extension activities including exposure visits, trainings, demonstrations and kisanmelas under the scheme during 2007-08. 30% Agricultural Technology Management Agency (ATMA) resources have been allocated for women farmers and Women Extension Functionaries related to focus on formation of Self Help Groups, providing training, extension, input, managerial, entrepreneurial and other support services and mandatory representation of women in all Committees/Bodies at district/block level. 186 women Agril. Graduates have been trained and 27 women have set up Agri.Ventures under the scheme 'Establishment of Agri Clinics and Agri Business Centres' during 2007-08.

Special programmes are also being produced & telecast by Doordarshan & AIR in areas of pre-dominant involvement of women such as vermicompost, nursery-raising,

seed treatment, floriculture, kitchen garden, gender friendly tools etc under the scheme 'Mass Media Support to Agriculture Extension'.

Technology Mission on Oil Seeds & Pulses Division (TMOP): Government of India is implementing a centrally Sponsored Scheme "Integrated Scheme on Oil Seeds, Pulses, Oilpalm and Maize (ISOPOM)" in 14 major oilseeds and pulses growing states in the country. Under the scheme, benefits to the tune of 30% of allocation can flow to women. Therefore, in components like distribution of agricultural inputs, training and demonstrations etc., preference can be given to women farmers who head the house hold. State Govts have been advised to work out the physical and financial targets for the women-related components in their state.

Macro Management Division (MM): The Macro Management of Agriculture (MMA) Scheme is the centrally sponsored scheme implemented by the Department to supplement/complement the efforts of the State Government for enhancement of agriculture production and productivity. It provides sufficient flexibility to the States to prepare Work Plans as per their felt needs and priorities.

The State Governments have been advised through Administrative Approval letters to provide funds for gender component under MMA scheme.

Under the MMA Scheme, financial assistance has been provided for gender based activities under different components. For instance, gender friendly equipment have been promoted under Farm Mechanization, formation of self-help groups of women have been encouraged under watershed development programmes. Similarly trainings have been imparted to women farmers under crop production programmes. Preference has been given to women under extension activities.

During 2007-08, an outlay of Rs.350 crore out of the total outlay of Rs.1100.00 crore was earmarked for gender component under the scheme.

Annexure I

WOMAN FRIENDLY TOOLS & EQUIPMENTS

1. Seed Treatment Drum
2. Naveen Dibbler
3. Rotary Dibbler
4. Seed Drill
5. Paddy Drum Seeder
6. Rice Transplanter (manual)
7. Cono Weeder
8. Long Handled Weeder (Grubber)
9. Weeder (Wheel hoe)
10. Fertilizer Broadcaster
11. Spraying Safety Kit
12. Improved Sickle
13. Sugarcane Stripper
14. Tubular Maize Sheller
15. Rotary Maize Sheller
16. Groundnut Stripper
17. Groundnut Decorticator (Sitting type)
18. Groundnut Decorticator (Standing type)
19. Pedal operated Paddy Thresher
20. Hanging type Double Screen Grain Cleaner with Sec Holder
21. Pedal operated Cleaner Grader
22. Potato Peeler
23. Potato Slicer
24. Mini Dal Mill
25. Hand operated Chaff Cutter
26. Wheel Ridger
27. Cotton Stalk Puller
28. Hand Ridger
29. Bhindi Plucker
30. Fruit Harvester

(Recommendation No. 6)

Coconut Development Board

2.5 The Committee had informed that the Coconut Development Board, which came into existence in 1981, is implementing the schemes "Integrated Development of Coconut Industry in India including Technology Mission on Coconut". The Coconut Development Board participates in domestic and international fairs/exhibition for promotion and marketing expansion of coconut products.

The Committee noted that the Board has identified the potential for export of coconut based products like desiccated coconut powder, virgin coconut oil, tender coconut water, coconut shell, charcoal, activated carbon, spray dried milk powder etc. However, the Committee feel that the potential of domestic consumption has not been fully tapped and that marketing of coconut based products in the domestic market is inadequate. The Committee were of the opinion that without developing a market strategy for coconut based products, the coconut industry cannot make progress. They, therefore, recommend that the Coconut Development Board should make all out efforts to tap national as well as international markets to sell coconut based products, especially, in the States that do not produce coconut. Awareness campaign should also be run in mass media to highlight the benefit of these products".

Reply of the Government

2.6 The Government, in their Action Taken Reply, have stated as follows:

"As recommended by the Committee, the importance of adopting a focussed strategy for marketing of various coconut based products, especially new products in both national as well as international markets, for fully tapping the market potential, is endorsed by the Government of India and the Coconut Development Board (CDB).

The CDB is working, through a well-coordinated promotional and marketing strategy for creation of product awareness in respect of new coconut products shaped on the basis of market research studies with the objective of achieving product diversification. Research on assessment of consumption pattern of coconut and coconut products, consumer preferences, price trend analyses, market promotion, etc. are funded under its scheme of Technology Mission on Coconut. Financial assistance is also extended to entrepreneurs, co-operative societies, NGOs for carrying out market promotion activities, media support, participation in exhibitions, and dissemination of literature.

Market promotion activities to create product awareness of new products, with a view to stimulate domestic demand in all parts of the country for coconut products, as well as to ensure sustained market supply of such products are supported technologically and financially by the CDB. Encouragement is given to field testing of technologies developed at laboratory level.

Adoption of a focussed marketing strategy has also enabled the entry of Indian coconut products to some international markets, which have a relatively large Population of Indian origin. Export prospects have been boosted. In order to tap the international market, the Board recognises the importance of participating in important events and exhibitions in potential markets such as the Gulf, the USA, Europe and the Far East. It will be possible to develop the international market only by repeated participation in events in countries having a high population of Indian origin. As there is stiff competition from countries like Thailand and Malaysia it is important to participate in good international exhibitions and fairs. The Board also participated in a total number of 248 domestic exhibitions during the past five years. The Board provides free space in its pavilion to exhibitors to exhibit their products.

The Board regularly organizes programmes and seminars to increase awareness about the goodness of coconut and coconut products. The CDB organized two national level Coconut Festivals in Kerala at Ernakulam (Coconut Festival 2005) and at Thiruvananthapuram (Cocofest 2007), Kerala. Business meets are also held to help manufacturers and buyers to interact with each other and expand their business. These festivals saw the convergence of stakeholders from all areas of coconut research and development. Such festivals were also held in Delhi, Jaipur, Chandigarh, Patna etc.

On the national front, a well-knit multi-media product promotional campaign was carried out by the Board all over the country during 2007-08 to promote goodness of coconut, dispel the malicious propaganda against coconut and enhance the level of consumption of coconut products.

The media plan including print campaign reached out to approximately 110 million readers and TV campaign to 130 million viewers. The endorsement of Tender Nut Water by Dr. P.T.Usha through the TV commercial of the Board has contributed to the increasing popularity of Tender Nut Water as a healthy and refreshing drink. This has resulted in 15% increase in consumption of tender coconut. The campaign on tender coconut water has motivated the entrepreneurs to apply for the transfer of technology developed by the Board for processed and packaged tender nut water. An integrated film titled “Goodness of coconut and Tender Coconut Water” was telecast through various leading national/regional channels. A Print campaign focussing on “the goodness of coconut, coconut oil and virgin coconut oil as hair care, skin care and

cosmetic and the promotional ads on the same were released in mainline publications, with positive feedback.

In view of the ensuing seasonal advantage for promotion of tender coconut and for the promotion of coconut oil, the Board displayed hoardings at various points in the important cities of Delhi, Chennai, Bangalore and Hyderabad and Major towns in Kerala. The Board is undertaking various steps for the generic promotion of coconut products in different parts of the country.

The Board is continuing the Media Plan through TV, Print and Outdoor Media, with an outlay of Rs.5.50 crores during 2008-09.

(Recommendation No. 7)

Micro Irrigation

2.7 The Committee were informed that Micro-Irrigation helps in better water use efficiency (60-70%), increase in yield (30-100%), better quality of produce, saving in fertilizer usage (40%) and weeding cost along with easy intercultural operation in all types of soil including saline soil. The technique can be highly effective in agricultural tracts in challenging agro-climatic conditions like hilly, Dryland and arid regions.

However, all these benefits will be of no use if the farmers are forced to pay 50% of the total cost of drip and sprinkler systems as envisaged in the scheme. The Committee sees this as one of the reasons why the physical performance of the scheme leaves much to be desired.

It was recommended that the farmers should not be made to pay more than 25% of the cost of the drip and sprinkler systems, and if need be, a method may be devised wherein another portion of the cost is recovered depending on the marketable surplus she/he produces by benefiting from the scheme. Fertigation, which is an optional component of the scheme may be promoted in a bigger way by creating greater awareness of the benefits of the method. It is expected this can give major impetus to agriculture sector especially horticulture in hilly, Dryland and arid regions of the country.

The Committee came to know that overpriced and substandard minor irrigation equipment are being sold to the farmers which needs to be investigated and accountability may be fixed on the authorities which approved this over-priced and sub-standard minor irrigation equipments.

Reply of the Government

2.8 The Government, in their Action Taken Reply, have stated as follows:

"The Ministry agrees with the recommendation of the Committee in respect of Micro Irrigation Scheme under which 50% of the total cost of the

system is provided as subsidy to all categories of farmers in the ratio of 40:10 between the Central Government and State Government. Keeping in view the importance of the scheme and demand from farmers, some of the States have increased the State share varying from 10% to 20-40%. The Government of Madhya Pradesh has increased its share to 30% for farmers of general category and 40% for SC/ST farmers. The Government of Karnataka has increased its State share to 35% for all districts except two where it has raised it to 60% and there is no burden on the farmers. The Governments of Andhra Pradesh, Rajasthan and Gujarat have also increased the State share in a similar manner. The increased level of State subsidy is providing greater degree of comfort to the farmers. Fertigation, though an optional component under the scheme is promoted by way of imparting training, highlighting the savings in fertilizer and increase in productivity as a consequence of adoption of fertigation. Around 7.76 lakh ha area have been covered under Drip and Sprinkler Irrigation between 2005-06 and 2007-08 which is substantially higher than the growth achieved prior to the launch of the Scheme. The programme has provided an impetus to the agriculture/horticulture sector in the country including hilly, dryland and arid regions.

The Micro Irrigation scheme guidelines prescribe the procedure for enlistment of manufacturers/suppliers of equipment. Each state has to follow this procedure and register a number of manufacturers who can provide quality systems and good after sales service. So far, no complaint has been received in respect of substandard quality or overpriced equipment. The programme is monitored by the District Micro Irrigation Committee at the State level. From time to time, Joint Inspection Team (JIT) constituted by the DAC also visit the States to check the quality of system supplied".

(Recommendation No. 8)

Technology Mission on Cotton

2.9 The Committee noted that the Mini Mission-II of Technology Mission on Cotton was restructured in 2005-06 and is under implementation in 13 States. Under the revised scheme, the subsidy on the components like distribution of certified seeds and sprayers has been increased besides the rationalization of subsidy on other components.

One of the reasons observed as the cause of poor performance of the scheme is the reduced demand for seeds of conventional varieties / hybrids due to more area

covered under Bt. Cotton. The seeds of Bt. Cotton are not certified and hence not eligible for assistance under the scheme. Also, the assistance under the scheme could not help people absorb the high cost of drip irrigation systems. Even more surprising reason for under utilization of funds quoted by the Department is that the States could not send enough proposals to match the doubling of allocation for the year 2007-08.

Committee found these reasons ridiculous, considering the fact the scheme was restructured during 2005-06 to make it more effective. It is strongly recommended, that the scheme should urgently be made more farmer friendly by making proper arrangements to cover the widely preferred Bt. Cotton seeds duly certified through field trials, under the scheme and to make necessary amendments to bring the cost of drip irrigation systems within reach of all farmers. The scheme shall also lay more emphasis on cotton growing regions of the country identified as distress hotspots.

In order to measure the risks and benefits from Bio-technology in a transparent, progressive, professional and credible manner, an autonomous National Bio-technology Regulatory Authority should be set up as soon as possible on the lines of the recommendation made in the Swaminathan Committee Report.

Reply of the Government

2.10 The Government, in their Action Taken Reply stated that the Mini Mission – II of TMC became operational since 2000-01 in 13 states viz. Andhra Pradesh, Gujarat, Haryana, Karnataka, Madhya Pradesh, Maharashtra, Orissa, Punjab, Rajasthan, Tamil Nadu, Tripura, Uttar Pradesh and West Bengal. The Mini Mission-II is for increasing production and productivity of cotton. Because of the implementation of Mini Mission-II of TMC along with other favourable Government policies and supporting schemes, there has been significant increase in production and productivity of the cotton during the last 7 years. The production which was 95.24 lakh bales of lint cotton (each bale of 170 kg) in 2000-01, has increased to 226.96 lakh bales during 2006-07 (238%) . Similarly, the productivity of lint cotton increased from 190 kg. per ha to 422 kg per hectare(222%) during the same period. This not only has increased the income of the farmers but also, import of the cotton has reduced substantially and at the same time export has increased from almost one lakh bales to nearly 58 lakh bales during 2006-07. During 2007-08, again a record production of cotton is anticipated in the country.

The scheme has large number of components (activities) for increasing production and productivity of cotton. As diseases and pests are number one threat for cotton cultivation, scheme has given topmost thrust for pest management/control. A continuous interaction with the States and implementing agencies as well as monitoring of the scheme has been done and will be carried out in a more focused manner, so that

the prioritization of strategies/actions would be chalked out to achieve higher productivity of cotton which is the ultimate goal of the scheme. Besides mid-term corrections are to be made by allowing State governments for inter-componental changes. Flexibility will be given to States for utilization of 10% of fund allocated to them for undertaking location- specific components (activities) to tackle the local problems hindering the growth of cotton. These strategies / action plan will continue in the ensuing years.

As indicated above, major thrust will be given for pest control activities, farmers field schools and transfer of technology through demonstrations so that it becomes more farmer- friendly as recommended by Parliament Committee. Regarding recommendation of the Committee for proper arrangement to cover widely preferred Bt. Cotton seeds, the scheme provides assistance for popularizing the same through demonstration, training of farmers', extension / dealers as well as other plant protection measures to protect the Bt. Cotton crop, particularly from sucking pests etc. The assistance for supply of Bt. seeds will be made for the certified seeds of hybrids / varieties released and notified during last 15 years.

The scheme is operational in all cotton growing areas of the country including non-traditional areas like Orissa, West Bengal and Tripura. The Sates have been given full flexibility to identify the important cotton areas requiring attention for development under the scheme so that all the areas requiring attention for cotton development are looked after properly. Regarding recommendation on drip irrigation system, the scheme provides assistance to farmers at the rate of 50% of the cost limited to Rs.25,000/- per ha and 60% of the cost limited to Rs.30,000/- per ha in watershed areas. As the Department of Agriculture and Cooperation is also implementing a major Centrally Sponsored Scheme on " Micro Irrigation (Drip and Sprinkler Irrigation) , the assistance under cotton scheme will also be made in tune with Micro Irrigation Scheme.

The Department of Agriculture and Cooperation has decided to evaluate the Mini Mission –II of Technology Mission on Cotton in the ensuing season and accordingly based upon the suggestions, further changes in the scheme, if required, will be made.

Government has approved the setting up of a National Biotechnology Regulatory Authority. The Department of Biotechnology has been designated as the Administrative Department for setting up of National Biotechnology Regulatory Authority. The Department of Biotechnology is in the process of establishing the same for which consultations with various stakeholders are being held. The Authority would be set up as an independent, autonomous and professionally led body to provide a single window mechanism for bio-safety clearance of genetically modified products and processes. Existing mechanisms, however, would continue till a full-fledged body is cleared with the required infrastructure and fully functional autonomy. Details of organization, scope, hierarchical flow of information, transparency of working, autonomy, training and

retraining of regulatory professionals, nature of legislation required are currently being worked out.

(Recommendation No. 12)

National Project on Organic Farming

2.11 The Committee had noted that the Scheme 'National Project on Organic Farming' was launched from October 2004 onwards on a Pilot Basis replacing the earlier scheme 'National Project on Development and use of Bio-fertilizer'. The Scheme is already implemented throughout the country. Though a relatively new concept, the response to the scheme is learnt to be picking up. The Committee in their 27th Report had requested for greater attention to the scheme to eliminate problems involved in certification of organic farm products and their marketing. Even so, the funds allocated for the scheme for 2008-09 is only Rs.30 crore, which is the highest allocation for a year since its launch. The total funds allocated for XI plan is only Rs.150 crore and the area covered in the entire country under the scheme is also a paltry 3.12 lakh hectare.

The Committee felt that organic farming is a sustainable method of agriculture and in the present scenario it can be economically viable if efforts are taken to develop domestic market for the products along with the already thriving export market. The Committee recommended that the Scheme should be expanded to cover larger cultivated area and the potential of profitable returns to farmers be tapped by bringing down the cost of production that would ensure wider niche market for the products within the country. Programmes should be formulated for generating awareness of the holistic benefits of consumption of organic farm products. Synergic approach by involving the Indian Council of Agricultural Research, Department of health, Panchayati Raj Institutions and NGOs/SHGs may be adopted for the purpose. Krishi Vigyan Kendras may be involved in making farmers aware of the benefits of shifting to organic farming and be made knowledgeable of the ways to do it. One of the off shoots of this endeavour will be a healthier ecological system.

The Committee felt that the involvement of the use of animals, for manure, consumption of by products and the production of energy through bio-gas, is essential for a successful organic farming system. Coordinated efforts should be made in unison with the Department of Animal Husbandry, Dairying and Fisheries for integration of livestock development for successful implementation of the National project on organic farming.

Reply of the Government

2.12 The Government in their Action Taken Reply have submitted that the Government is already laying great stress under the Central Sector Scheme National Project on Organic Farming (NPOF), on capacity building, reduction of cost of production and on covering a larger area under organic farming. About 421 service providers have, so far, been appointed with the above purpose in view. Training and demonstrations are being organized on regular basis to spread the message of organic farming amongst more and more number of farmers. Awareness about the benefits of organic farming and organic products is also being created through the medium of seminars, exhibitions and publicity through print as well as electronic media. Under the Department of Agriculture and Cooperation (DAC) – Indian Council of Agricultural Research (ICAR) Interface, ICAR is implementing the programme of preparation of crop/area specific package of practices of organic farming and technology for production of different organic sources of nutrients and disease/pest management. NGOs/SHGs and Krishi Vigyan Kendras are already involved in the implementation of the programme and are making farmers aware about the benefits of organic farming. The National Centre of Organic Farming (NCOF), Ghaziabad, under the Department of Agriculture and Cooperation, have been directed to involve the Department of Health and Panchayati Raj Institutions in implementation of the programme.

The area under organic farming has recorded a big jump over the years. From a mere 45000 ha. in 2004-05, the area has increased to 5.38 lakh ha. during 2006-07. Out of this, 3.12 lakh ha. have been certified, while the remaining area is under the process of certification. NPOF plan to bring an area of 1 million ha. under the organic farming during the 11th Five Year Plan.

For successful implementation of the Scheme through coordinated efforts in unison with the Department of Animal Husbandry, Dairying and Fisheries, the matter for identification of activities for integration of livestock development has been taken up with the Department of Animal Husbandry, Dairying and Fisheries.

Comments of the Committee

2.13 For comments of the Committee please refer to Paragraph No. 1.19 of Chapter-I of the Report.

(Recommendation No.14)

Integrated Scheme for Oilseeds, Pulses, Oil Palm and Maize (ISOPOM*)*

2.14 The Committee noted that 40-45% of the domestic demand of edible oils is being met through imports. It is a matter of concern that the country is at this juncture even though the 'Technology Mission on Oilseeds' has been in operation for almost two decades now. The reasons furnished by the Department for low production of oilseeds in India are, non availability of hybrid seeds, low monetary returns due to low production potential, high risk due to climatic vagaries and susceptibility to pests and diseases, use of poor quality seeds and unassured market at remunerative prices resulting in distress sale during harvest season.

The Committee did not concur with that the reason of non-availability of hybrid seeds as the information provided by the Department clearly shows that there is no mismatch between demand and availability of certified seeds.

This was corroborated by acclaimed agriculture Scientist Prof. M. S. Swaminathan. Moreover, if any of the reasons quoted by the Department holds good, it shows the failure, primarily of extension and other related aspects, on part of the Ministry of Agriculture and sends warning signal in case of oilseeds production.

India is a country blessed with all the major available oilseeds of the world including our traditional oilseeds. Still data indicate towards 200 to 300 per cent gap between the potential and achievement, which shows the dismal time and efforts put in by the Government in the oil seeds sector.

The Committee recommended that the Ministry should urgently get their act together, find the exact reasons for the failure and effect a complete evaluation and revamp of schemes aimed at increasing the production of oilseeds. This poor state of affairs should not be allowed to continue.

Reply of the Government

2.15 The Government, in their Action Taken Reply stated that the Technology Mission on Oilseeds (TMO) was launched by the Central Government to increase the production, productivity of oilseeds and to achieve self-sufficiency in edible oils.

Consequent upon the setting up of Technology Mission on Oilseeds,a major breakthrough in increasing oilseeds production was achieved through an integrated approach by introducing new crop technologies, better supply of inputs and extension services support for marketing and post harvest technologies and excellent coordination/cooperation between various organizations/departments and Ministries. As a result of concerted efforts by the TMOP, the production of oilseeds increased from

10.83 million tonnes in 1985-86 to 25.19 million tonnes in 2003-04. This was brought about not only by increase in area but also by improving the productivity from 570 kg. to 1064 kg. per hectare. The Technology Mission was discontinued in the year 2004. However, the oilseeds production touched an all time record of 28.20 million tonnes during 2007-08(IIIrd Advance Estimates).

There are substantial yield gaps between and within states in respect of various major oilseeds. In order to bridge the yield gaps, frontline demonstrations are being organized through Indian Council of Agriculture Research(ICAR) to demonstrate the latest improved production and protection technologies. Besides, seeds of high yielding varieties/hybrids of oilseeds are being made available to the farmers free of costs in the form of minikits with a view to popularizing them and to bring these varieties in the seed production chain.

With a view to enhancing the productivity and production of oilseeds in the country and also to make the implementation of the integrated scheme of Oilseeds, Pulses, Oilpalm and Maize (ISOPOM) more effective and result oriented, ISOPOM has recently been modified as a part of National Food Security Mission with regard to norms and pattern of assistance, inclusion of new components and additional implementing agencies during 11th Plan period. The assistance on production of certified seeds has been enhanced from Rs500 per quintal to Rs1000/- per quintal besides enhanced subsidy on distribution of certified seed from Rs. 800/- per quintal to Rs1200 per quintal during 11th five year plan.

Further, keeping in view the fact that there is a constraint in area expansion under oilseeds, the thrust during 11th plan will be given towards yield improvement in oilseeds besides promoting the cultivation of oil palm, a crop with a potential of producing 3-3.5 MT of palm oil per ha for augmenting the indigenous availability of edible oils in the country.

CHAPTER III

OBSERVATIONS/RECOMMENDATIONS WHICH THE COMMITTEE DO NOT DESIRE TO PURSUE IN VIEW OF THE GOVERNMENT'S REPLIES

NIL

CHAPTER IV

OBSERVATIONS/RECOMMENDATIONS IN RESPECT OF WHICH REPLIES OF THE GOVERNMENT HAVE NOT BEEN ACCEPTED BY THE COMMITTEE

(Recommendation No. 3)

National Rainfed Area Authority & Rainfed Area Development Programme (RADP)

4.1 The Committee had noted that the National Rainfed Area Authority **(**NRAA) established on 3rd November, 2006 gives focused attention to the problems of rain fed area of the country. The Authority is an advisory, policy making and monitoring body charged with the role of examining guidelines in various existing schemes in this area. NRAA although not required to be an implementing and fund disbursing agency, needs to be able to effectively converge the various schemes in different Ministries relating to Watershed Development. The Union Minister of Agriculture and Rural Development will co-chair the Authority.

The potential of development of rain fed areas in the country is immense as rain fed area accounts for 60% of the total cultivated area, but contribute only 45% of agricultural production. Hence, the role of NRAA is going to be pivotal. The Committee recommended that the mandate of NRAA should be widened and its operation has to be holistic, touching upon all aspects of rain fed area agriculture. Being an umbrella organization, NRAA should lay down policies/guidelines relating to rain fed area agriculture.

Special emphasis should be given on cardinal issues like credit, seeds, farm implements, agricultural techniques and modern development, information on all schemes in operation for rain fed area, the benefits being offered, and linkage with grassroot level by constant interaction with farmers together with information that leads to better policy implementation".

Regarding Rainfed Area Development Programme (RADP), the Committee had noted that food grain production in the country accrues from about 142 million hectares of cultivated land. Of this 57 million, i.e., 40% is irrigated and contribute 55% of production. The remaining 85 million hectares are rain fed and account for 45% of the total production. During 2007-08, Government waking up at last, proposed to introduce 'Rain Fed Area Development Programme (RADP) to address the specific needs of rain fed areas. Rs. 100 crore was allocated for the scheme during 2007-08, but, the scheme was not launched for want of 'in-principle' approval from the Planning Commission. However, the Planning Commission has set an outlay of Rs. 2500 crore for the XI Plan period. Budget allocation of Rs. 348.00 crore has been made for 2008-09.

The objectives of the Scheme inter-alia included development of about 22 lakh hectares of rain fed areas in five years. Considering that the total rain fed area under cultivation in India is 85 million hectares, the target fixed for RADP seem to be minuscule (only 2.6%) of the magnitude of area needs to be developed and proves Government's non-seriousness towards rain fed area agriculture. At this rate more than 100 years will be required to cover the whole of 85 million hectares under RADP.

The Committee had also noted it is because of neglect of rain fed areas of States like Jharkhand & Chhattisgarh, that only single crop is grown there in spite of 1400 mm of rainfall, and lakhs of people remain without work and means of livelihood. This is being considered to be the major cause of resentment and may be one of the factors for the spread of Naxalite movement.

The Committee were of the opinion that a dossier of development of rain fed area has to be brought out, that shall act as one point reference for all implementing agencies and farmers. Also crop-wise and region-wise developmental strategies should be formulated. This needs to be considered in the back drop of near saturation of productivity from irrigated areas under cultivation. Besides, the Committee expressed their displeasure with the Planning Commission for delayed approval to such a scheme that can deliver revolutionary changes in filling the food basket of our country and provide employment to crores of rural inhabitants, if implemented effectively. The money being spent on importing wheat, oil, etc., at exorbitant rates can be saved, if sufficient funds are allocated for developing rain fed areas for regular agriculture. The Committee recommend that the implementation of RADP be carried out with top priority and the scope be urgently expanded to cover as much rain fed area in the country in a time bound manner. The Committee may be informed of the time frame by which the whole of the 85 million hectares of rain fed areas will be covered under the Programme.

Reply of the Government

4.2 Regarding NRAA, the Government in their Action Taken Reply stated that the views of Parliamentary Committee for widening the mandate of NRAA so that its functioning becomes holistic touching upon all aspects of Rainfed Area of Agriculture are very relevant. These aspects have been adequately addressed in the Office Order issued on 3rd November, 2006. The Authority has been mandated to cover all aspects of sustainable and holistic development of rainfed areas including appropriate farming and livelihood system approaches. Further, NRAA has been mandated to prepare a prospective plan outlining the national strategy and roadmap for holistic and sustainable development of rainfed farming areas and also to evolve guidelines. The NRAA has finalized the Common Guidelines for Watershed Development Projects which have come into force from 1st April, 2008. Further, NRAA is also mandated to identify gaps in

input supply, credit availability, dissemination of technology, insurance cover etc. relating to rainfed area agriculture. Once this exercise is done by the NRAA, appropriate action will be taken by the Government as per recommendation made by the NRAA.

Regarding RADP, the Government in their Action Taken Reply stated that the Planning Commission has communicated the in-principle approval to the implementation of Centrally Sponsored Scheme of Rainfed Area Development Programme (RADP) at a total cost of Rs.3500 crores during the XI Five Year Plan including a component of Rs.170 crores for National Rain fed Area Authority (NRAA), on 20th March, 2008. Based on the revised outlay of Rs.3330 crores as communicated by the Planning Commission and the comments received from various Ministries/Departments/Divisions of the DAC, the EFC Note has been revised and sent to the Ministry of Finance and the Planning Commission. In view of in the enhanced allocation for RADP it is proposed to cover 25 lakh ha of rain fed area during the XI Plan period.

Development of rainfed and degraded areas is being taken up through various watershed schemes of different Ministries / Externally aided projects. Till the end of the Tenth Plan about 50 million ha of area has been developed under various watershed schemes / projects. The scheme of RADP will be implemented both in areas where no watershed programmes had been taken up in the past and in areas where watershed development works have been already taken up but supplementary production based activities are required to be strengthened. Efforts will be made to expand the coverage of developing rainfed areas through other Schemes of Government as well as the RADP in consultation with the Planning Commission, NRAA and other stake holder Ministries, so as to cover entire rainfed area within a short period".

Comments of the Committee

4.3 For comments of the Committee please refer to Paragraph No. 1.7 of Chapter-I of the Report.

(Recommendation No. 9)

Differential MSP

4.4 The Committee noted that in the case of jute, a single MSP is recommended by the Commission and approved by the Government. Based on the basic MSP, different MSPs for jute are announced subsequently, keeping in view the quality considerations and consequent input price differentials, which vary from place to place. These MSPs are in fact derived prices from the basic MSP fixed by the Government, mainly to ensure that the farmers are paid better prices for their better varieties. It is recommended that

this system of calculating MSP should be adopted for all the other crops for which Government announces MSP to give better price for better varieties and to compensate regional imbalances in cost-inputs and risk factors of different crops.

Reply of the Government

4.5 The Government in their Action Taken Reply have stated that the rationale behind a uniform MSP throughout the country is that it encourages greater investment and production in relatively low cost area due to a higher margin of profit and discourages production in the high cost area. Further, a uniform price encourages crop specialization and optimum use of nation's land and other resources on the basis of comparative advantage. The Agricultural Price Policy- A Long Term Perspective (1986) has also justified the uniform support price for the whole country on the ground that it alone can lead to efficient utilisation of resources.

The Commission for Agricultural Costs and Prices (CACP), among other factors, considers the cost of production of various crops for all the major producing States, as collected by different State Agricultural Universities under the *Comprehensive Scheme for the Study of Cost of Cultivation* of Ministry of Agriculture. Under the sampling design of the Comprehensive Scheme for Studying the Cost of Cultivation of Principal Crops, each State is demarcated into a homogenous agro-climatic zone based on cropping pattern, soil type, rainfall, etc. The primary sampling units (Tehsils) are allocated to different zones in proportion to total area of all the crops covered in the study. Based on this cost of production per quintal is worked out for the major growing states, for specific crops, and their weighted average is estimated and considered by CACP, among other factors, for recommending MSP.

While recommending MSP, an effort is made to cover at least the paid out expenses (A2) of farmers in high cost regions plus the imputed cost (FL) of family labour. (i.e., A2+FL cost) and C2 cost (i.e., full cost of production including the imputed rental value of owned land and capital) in relatively efficient states, keeping some margin for the benefit of farmers.

Comments of the Committee

4.6 For comments of the Committee please refer to Paragraph No. 1.10 of Chapter-I of the Report.

(Recommendation No. 10)

Contract Farming

4.7 The Committee were told that the benefits of Contract Farming include better quality of inputs, extensive services and assurance of selling the produce at a pre-determined price. However, it was felt there were multitude of latent problems that were emerging one by one. The absence of any rules/guidelines governing the operation of contract farming had vitiated the whole scenario and would not enable sustainable contract farming. Whole lot of issues relating to contract farming remain to be legally streamlined, and foremost consideration should be accorded to the interests of the farmers. Though the Department maintained that land ownership would not be taken over by the contracting company, the Committee felt that company can become the defacto owner, through terms and conditions of contract which may be heavily tilted towards the company due to the help and support of expert legal opinion, lack of awareness of the farmer, type of seeds provided and credit extended under the contract, etc. Such uncontrolled continuation of contract farming can even result in 'bonded farming'. Besides, the interests of the company may not be in sync with the agricultural priorities of the country, which may be sidelined. Expansion of contract farming can also lead to imbalance in land and water use; agricultural production under contract may not cater to regional requirements and such products which are not used by locals may be preferred, causing rise in price of locally used commodities that may have to be imported or brought from far off places.

The Committee were of the firm view that contract farming might lead to taking over/mortgage/buying of farmers land by the contracting company without lawful consent through threat, coercion, undue influence, fraudulent behaviour, or misrepresentation of facts etc. The national priorities in agriculture and the interest of the farmers have to be protected at any cost. Farmers land should not at any cost be attached, sold, mortgaged, pledged or taken over by the contracting firm, even with the consent of the head of the family, as the agricultural land is an inherited property that can't be sold without the consent of all the legal heirs of the land owner i.e -the 'Karta' of the family. The family and village social fabric will be in jeopardy as contract farming may lead to the loss of freedom of the farmer to produce food crops of his choice for his family needs and feed and fodder for his cattle, poultry, etc. which also provide him extra income by selling milk, butter, chicks, etc.

The Committee felt that the procurement policy of the Government will also be failed as the farmers will not grow food crops for the nation but for the contracting party. The Public Distribution System (PDS) of food items/cereals will be in danger as the

Government will not be able to procure enough wheat, rice, sugar, etc. and may have to import all these items leading to heavy financial burden on our exchequer in the form of more subsidy for PDS. The Committee were of the considered opinion that contract farming will benefit the contracting company/firm whose main aim is quite often profit-making. The food security of the nation and the farmers' family interest will take a back seat as he will work like a machine to earn his livelihood and thousand years old cultural and social ethos wherein the whole village worked as a single and self-sufficient unit with all kinds of artisans, dependent on each other worked for upliftment of the whole village will be destroyed.

Reply of the Government

4.8 The Government in their Action Taken Reply, have stated that the promotion of direct marketing and contract farming and development of competitive agricultural markets in private and cooperative sectors have been identified as key areas of reforms in the Agriculture Sector, to be implemented through the amendments to the State APMC Acts. Contract farming arrangements will provide an effective method of linking small farm sector to sources of extension advice, mechanization, seeds, fertilizers and credit and to assured and profitable markets, with due protection to farmer's rights over his hand. To provide guidance and support to States in amending their State Agricultural Produce Marketing Committees (Regulation) Acts, a model Act was prepared by the Ministry of Agriculture in consultation with all concerned and circulated to State Governments in 2003. Based on the model law, by now 20 States/UTs have either amended their State APMC Acts fully/partially and Bihar Government has repealed the Act. In most of the States which have amended their APMC Acts, a legal framework is in place now to regulate contract farming. This framework provides for:-

- Contract Farming Sponsor to register himself with the Market Committee or with a prescribed Officer
- The Contract Farming Sponsor to get the contract farming agreement recorded with a prescribed Officer
- No title, rights, ownership or possession of land shall be transferred or alienated or vest in the contract farming sponsor or his successor or his agent as a consequence arising out of the contract farming agreement
- Dispute Redressal Mechanism
- The Agricultural produce covered under the Contract Farming agreement may be sold to the Contract Farming Sponsor outside the market yards

- Specification of Model Agreement for Contract Farming so that producers can ensure inclusion of various required clauses in their agreement.

To facilitate State Governments in notifying their amended Rules under the APMC Act, Central Government has also formulated model APMC Rules and circulated to States in November 2007. It is expected that the regulatory provisions being made in State APMC Acts and Rules thereunder, will ensure that under the contract farming agreement both sponsors and the producers will be accountable to the terms & conditions laid down for the farming through a written agreement, which will be recorded in a public office and will be available for any dispute resolution. Further, the rights of the farmer over the title, ownership or possession, etc. will be protected over the land under contract farming and as a consequence of the failure of the contract; they will not lose any right over the land. The agreement prescribed under the law will ensure that farmers get the assured price on supply of the required quantity of produce and the sponsors provide them certain agreed services and technical know-how, if so preferred by both the parties. Government has consciously decided not to promote any kind of contract farming model where land of the farmer is taken over by the sponsor or his agent for cultivation.

Ministry of Agriculture is of the view that the State Governments through their designated authorities shall ensure that the contract farming, which is generally commodity specific and can lead to monoculture, does not grow beyond proportion to disturb bio-diversity and agricultural ecology. It may be necessary to provide necessary guidelines for land use planning in each region in order to prevent such eventuality. However, since contract farming is happening at a very small scale at the moment, no such threat of spread of monoculture is being experienced in any part of the country at present.

The Ministry of Agriculture is of the view that promotion of contract farming will not affect the procurement of food grains as area covered under contract farming of food grains will be only a limited area. Resorting to procurement at Minimum Support Prices (MSP) is desirable only on occasions, when farmers cannot get a reasonable price in the market and the endeavour of the Ministry of Agriculture would not be that the farmers have only option of selling their produce at MSP at all the times. The Ministry of Agriculture is committed to take such policy measures which can ensure better price realization by the farmers and cover their price risks, rather than keep them dependent on the MSP system for getting minimum prices for their produce. It is true that the contract farming will benefit the sponsoring companies but on the other hand it will also mitigate price risks of the farmers and will provide them remunerative prices, thus will be quite beneficial to the farming community as well.

Comments of the Committee

4.9 For comments of the Committee please refer to Paragraph No. 1.13 of Chapter-I of the Report.

(Recommendation No. 11)

Development & Strengthening of Infrastructure Facility for Production & Distribution of Quality Seeds

4.10 The Committee have observed that under the scheme 'Development and Strengthening of Infrastructure facility for Production and Distribution of Quality Seeds', the allocation for 2008-09 is Rs.150.00 crore against a proposal of Rs.556 crore by the Department. According to the Department, the proposed amount included Rs.445.86 crore to be released during 2008-09 under the Prime Minister's Relief Package for the suicide affected districts of Andhra Pradesh, Maharashtra, Karnataka and Kerala. The Department has informed that the allocation has to be augmented to meet the requirements.

The Committee were unable to understand why the PM's package, which has a pre-set amount to be released in a pre-determined period, cannot be given in the outlay for the year at the BE stage itself. Moreover, the Committee felt that such schemes, providing relief to people already battered by distress, have to be prioritized in providing allocation.

The Committee recommended that outlays for relief packages/schemes should be reflected separately under a different head and should not be clubbed with the outlay of any regular scheme and be released as per the time-frame fixed for their disbursal to the pre-determined needy people.

Reply of the Government

4.11 The Government in their Action Taken Reply, have stated that an outlay of Rs.150 crore has been approved by the Planning Commission for the scheme 'Development and Strengthening of Infrastructure Facility for Production and Distribution of Quality Seeds' against the proposed outlay of Rs.556 crore. This Department is of the firm view that additional funds need to be allocated for the scheme to achieve the desired growth rate. The Planning Commission has been accordingly requested to increase the allocation under this scheme.

The Rehabilitation Package approved by the Cabinet for the farmers in suicide prone districts of Andhra Pradesh, Karnataka, Kerala and Maharashtra does not envisage creation of separate heads for scheme wise implementation of the programmes.

Comments of the Committee

4.12 For comments of the Committee please refer to Paragraph No. 1.16 of Chapter-I of the Report.

(Recommendation No. 13)

Subsidy to Fertilizer Industry

4.13 The Committee had recommended in their earlier reports that subsidy for fertilizer should be directly provided to the farmers if the Government intends to obtain maximum benefit of the fertilizer subsidy scheme. Later on, the Government in its implementation budget document for 2007-08 stated that modalities for providing alternative method of delivering fertilizer subsidy directly to farmers was being worked out. The Department also informed that a study was commissioned by the fertilizer industry, which included the provision of subsidy directly to farmers. The report based on the study was presented to the Department of Fertilizer.

However, the Group of Ministers (GOM), constituted to look into sustainable use of fertilizers and pertinent subsidy and pricing issues, which considered the matter does not seem to have made any such recommendation.

The Committee noted that the subsidy for fertilizers during the year 2004-05 was of Rs.15,779 crores. The estimation by the Department of Fertilizers for the year 2008-09 stands at Rs.60,649.36 crore; subsidy quadrupling in four years. Now, having known the extent of subsidy, it would be disturbing to know that it took more than fifty years for the foodgrains production to grow four-fold from 50.82 million tonnes in 1950-51 to 217.28 million tonnes (Fourth Advance Estimates) in 2006-07. Moreover, the targets set for foodgrain production are hardly ever met. The Government has admitted the fact that Total Cropped Area, Net Sown Area and Cropping Intensity have been stagnating or rather decreasing. Then Committee are unable to understand where the fertilizer so manufactured with a subsidy support to the tune of Rs.60649.36 crore is used. It may be that fertilizers are exported and companies are subsidized for that also.

This scenario points at inherent maladies in the subsidy regime related to fertilizers, and it is evident that there is no correlation between the astronomical amount

of subsidy and the output of the agricultural produce. In turn, it is not difficult to infer that the benefits of subsidy are being enjoyed by some one other than the farmer.

The Committee strongly recommend that the present method of providing subsidy for fertilizer has failed completely and require immediate revamp. Providing subsidy directly to the farmer is definitely one of the solutions. All efforts should also be made to eliminate the existing disparities in terms of subsidy between different types of fertilizers causing usage imbalance".

Reply of the Government

4.14 The Government in their Action Taken Reply have submitted that the substantial increase in the amount of subsidy over last 3-4 years is mainly on account of sharp increase in prices of fertilizer inputs and finished fertilizers in the international market. This has led to increase in the delivered cost of fertilizers at farm gate level and consequently increase in per tonne subsidy released on fertilizers. It may be noted that the subsidy on fertilizers is the difference between the normative delivered cost of subsidized fertilizers at farm gate level and the selling prices of these fertilizers notified by the Government. The selling prices of these fertilizers have remained constant since 28.2.02 and are as below:

MRPs of Fertilizers

Products	**Existing MRPs.**
Urea	4830
DAP	9350
MOP	4455
Complex Fertilizers	
16:20:00	7100
20:20:00	7280
23:23:00	8000
28:28:00	9080
10:26:26	8360
12:32:16	8484
14:28:14	8300
14:35:14	8660
15:15:15	6980
17:17:17	8100
19:19:19	8300

2. On the other hand, the prices of fertilizer inputs and finished fertilizers have increased sharply over last four years. The prevailing average international price of fertilizers over last few years is as below:-

USD/PMT

Year	DAP	MOP	Urea
	C&F (FOB US Gulf+freight Tampa Mundra)	FOB(FSU)	FOB (Arabian Gulf)
1	2	3	4
2003-04	239.10	97.37	154.44
2004-05	277.69	133.62	215.55
2005-06	296.04	158.75	245.77
2006-07	329.40	172.07	256.72
2007-08	657.57	263.27	341.20
May 08 prices	1270.00	540.00	645.00

3. There has also been a continuous increase in consumption of fertilizers and consequently sales of fertilizers in last four years, which is as below:

Yearwise sales of fertilizers (LMT)					
Year	2004-05	2005-06	2006-07	2007-08	% increase in 2007-08 over 2004-05
UREA	205.47	221.91	244.85	261.67	27.3
DAP	60.79	67.51	69.24	75.55	24.2
MOP	23.14	28.01	23.93	27.82	20.2

4. As already submitted in para1 above, the substantial increase in the amount of subsidy over the last 3-4 years is mainly on account of sharp increase in prices of fertilizer inputs and finished fertilizers in the international market. Thus, the astronomical amount of subsidy is not on account of any additional increase in the consumption of fertilizers as the table under para 3 above would bring out. The present level of consumption of fertilizers in the country is, in any case, only 112 kg. per hectare, which is lower than even the neighboring countries. The production of food grains in the country has, however, kept pace. While the total foodgrain production in 2004-05 was 198.360 millions tonnes, the production is estimated (according to 3rd estimates) to be 227.320 million tonnes in2007-08.

5. As regards the mechanism for delivery of subsidy to the farmers, the same has been considered by a Group of Ministers (GOM) constituted to look into the sustainable use of fertilizers and other pertinent subsidy and pricing issues. The GOM has not recommended any change in the existing pattern of delivery of subsidy. The proposal of Department of Fertilizers for nutrient based

pricing of fertilizers was agreed to 'in principle' by the GOM and further action is underway to finalize the policy.

Comments of the Committee

4.15 For comments of the Committee please refer to Paragraph No. 1.22 of Chapter-I of the Report.

CHAPTER V

OBSERVATIONS/RECOMMENDATIONS IN RESPECT OF WHICH FINAL REPLIES OF THE GOVERNMENT ARE STILL AWAITED

(Recommendation No. 2)

Creation of Non-Lapsable Central Pool of Resources for Agriculture

5.1 The Committee noted that as per the Direction of Ministry of Finance/Planning Commission, 10% of funds allocated to the Department are allocated to the North-Eastern States. The un-utilised portion of allocated funds to these States is credited to the Non-lapsable Central Pool of Resources for North-Eastern States for their development.

The performance of agriculture sector keeps the Indian economy buoyant and ensures that fire keeps burning in the kitchen of millions of rural farm households. The Committee note that Government has decided to give special attention to the development of agriculture during the XI Plan and has launched certain ambitious schemes like National Food Security Mission and Rashtriya Krishi Vikas Yojana in this direction. However, the Committee feel that such endeavours have been undertaken in the past also and have failed to bring the desired level of development in agriculture. This time more decisive action is required.

The circumstances under which agriculture is carried out in India; the challenging agro-climatic and topographical conditions warrant focused attention. The funds allocated to the arid, temperate, hilly, high altitude and non-accessible areas, do not reach on time and remain unutilised, as 31st March is the dead end for any fund to be utilized in a particular financial year. The Committee recommend that a Non-lapsable Central Pool of Resources for Agriculture should be formed from this financial year itself without any further delay in line with similar funds for North-Eastern States. Also, an appropriate percentage of funds out of total budgetary allocation for the Government of India has to be fixed for agriculture sector on which around 70% of the population depend for their feed, fodder and employment and also produces/feeds the remaining 30% population of our country. This will help ensure steady and constant flow of funds to agriculture and prevent diversion/re-appropriation of funds demarcated for the sector. The operationalisation of the National Policy for Farmers,2007 will also be more meaningful if this path-breaking step is taken and it will lead us to a Ever Green Revolution which will save the nation from unwarranted import of staple food items comprising mainly wheat, edible oils and pulses.

Reply of the Government

5.2 The Government in their Action Taken Reply, have stated that Para 3 of the Recommendation No.2 requires creation of Non-Lapsable Central Pool of Resources for Agriculture. At present there is no Non-Lapsable Central Pool of Resources for Agriculture. Department of Agriculture and Cooperation has therefore conveyed this recommendation of PSCA to the Planning commission for taking appropriate action in the matter.

The total plan outlay of Rs.10105.67 crore (Plan Schemes 6900+State Plan Scheme 3205.67) for the Department of Agriculture and Cooperation(DAC), during 2008-09 saw an increase of more that 80% as compared to BE(2007-08). Compared to RE (2007-08) of Rs.6927.94 crore in plan allocation for DAC (inclusive of State Plan Schemes), the increase is about 45% during 2008-09. It is seen that there has been a significant increase in the outlay on crops (pulses and oilseeds), credit, seeds, rainfed farming systems and extension. Recently the DAC has announced two schemes i.e. National Food Security Mission (NFSM) and Rashtriya Krishi Vikas Yojana (RKVY) for increasing production and productivity in the agriculture and allied sectors and to incentivise the states to increase public investment in the agriculture and allied sectors.

(Recommendation No. 4)

Debt Waiver Scheme

5.3 The waiver of agricultural debt from institutional sources of credit amounting to an estimated Rs.60,000 crore announced by the Finance Minister in his budget speech 2008-09 has created a lot of interest in the agricultural fraternity. However, the Committee feels that a lot of issues are not clear about the scheme as of now about the modalities of implementation, the qualifying parameters, the loan periods eligible for the waiver, non-consideration of region-wise and crop-wise disparities, possible slant of benefits towards financially better placed farmers, negative message to prompt repayers of loans, half-way paid loans, overlapping with revival package announced for cooperatives, etc.

The Committee were informed that the Government has considered financial constraints and the degree of hardship faced by farmers while drawing up the scheme.

Keeping the above in view, the Committee have observed that:

(i) The Debt Waiver Scheme should invariably be accompanied by appropriate efforts that enable the farmers consolidate the gains from debt relief and are given subsidized and good quality seed and fertilizer to produce enough marketable surplus to sustain themselves from the next season onwards.

For holistic development of Agriculture, Animal Husbandry, dairying and fisheries and related research work, the Department of Agriculture should initiate efforts to bring the expertise of all the three Departments of the Ministry of Agriculture under one umbrella for this purpose. Merely, making the farmers eligible for fresh credit will just make him wait for the next waiver scheme, particularly, if the waiver is accompanied by fresh restrictions on agricultural trade.

(ii) If indebtedness of farmers to moneylenders cannot be covered by the scheme, the Banks may give loans @4% p.a. to the farmers to redeem their debts to moneylenders and the Government may give interest submission to compensate the Banks.

(iii) Prompt repayers of loans during the period covered by the debt waiver scheme should be allowed full interest subvention in immediate future agricultural loans for the next three years so as not to send wrong signals to debtors promoting them to default in payment and disincentivise prompt repayers .

(iv) The limit of 2 hectares of land for full waiver of the loans of small and marginal farmers should be revised keeping in view the difference in productivity of irrigated and non-irrigated land.

(v) Since the Debt Waiver Scheme is directly related to the agriculture sector, as soon as the modalities for its implementation are finalized, the Committee may be apprised of the same.

Reply of the Government

5.4 The Ministry of Finance is the nodal Ministry for implementation of Debt Waiver and Debt Relief Scheme announced in the Union Budget 2008-09. The modalities and guidelines for the implementation of said scheme are being finalized by the Ministry of Finance and the recommendations of the Committee have been forwarded to them for consideration. The modalities for the implementation of Debt Waiver and Debt Relief Scheme will be submitted to the Parliamentary Standing Committee on Agriculture as soon as it is finalized by the Government.

(Recommendation No. 15)

Some other issues related to DAC

5.5 The Committee deliberated on certain issues not directly related to examination of DFG and were of the unanimous view that

(i) the National Policy for Farmers should be operationalised at the earliest in its entirety;

(ii) there should be greater role for local self Government institutions in development of Agriculture;

(iii) all existing soil testing laboratories that are dormant should be revived along with the establishment of new ones;

(iv) overall strategy should be devised, to improve the productivity of small farms/farmers;

(v) there is dire need to keep gender-wise data on all aspects relating to agriculture;

(vi) the gap between 'know-how' and 'do-how' is to be plugged

(xi) ATMA may be located in KVKs;

(xii) awards may be instituted to encourage outstanding farmers;

(xiii) ecology should be conserved by the concept on conservation farming;

(xiv) help of Department of Information Technology may be requisitioned to set up and make Gyan Chaupals efficient/effective;

(xi) Agri-clinics and Agri-Business centers should be rejuvenated by engaging one graduate each from the fields of agriculture, veterinary science, commerce/marketing and home science;

(xii) greater attention should be accorded to the provision of simple and effective farm implements;

(xiii) food security should be ensured during all types of disasters;

(xiv) post-harvest infrastructure be strengthened more on priority basis;

(xv) the issue of climate change should be considered in the gravity it merits;

(xvi) all agricultural loans, long, medium and short, should be delivered at 4% per annum as recommended by the National Commission for Farmers;

(xvii) the cases of loan defaulters should be dealt by constituting Debt-Reconciliation Boards at district level;

(xviii) MSPs be made differential based on crop-wise and region-wise considerations;

(xix) forward markets be regulated more stringently to channel benefits to

farmers;

(xx) all schemes under horticulture division be evaluated to assess their performance; and

(xxi) Modified National Agricultural Insurance Scheme (MNAIS) be implemented without further delay throughout the country.

Reply of the Government

5.6 The Government in their Action Taken Reply, have stated as follows:

"Recommendation Serial No.15 (i)

The National Policy for Farmers should be operationalised at the earliest in its entirety.

1. Consequent to the approval of the National Policy for Farmers, 2007 (NPF), the Department of Agriculture & Cooperation constituted an Inter-Ministerial Committee for preparation of a Plan of Action for operationalisation of the policy. The final draft Plan of Action has already been circulated to all the Ministries and Departments concerned and also to the State Governments. The Action Plan is expected to be finalized and circulated for operationalisation by the end of July, 2008.

2. However, many of the provisions of National Policy for Farmers are being implemented / operationalised through a number of ongoing programmes/schemes being implemented by various Central Ministries and Departments and the State Governments. These, inter alia, include Bharat Nirman for improving rural infrastructure and expanding irrigation potential; National Rural Employment Guarantee Programme; National Rural Health Mission; Accelerated Irrigation Benefit Programme to complete the irrigation projects; pilot projects to repair, renovate and restore water bodies and schemes for groundwater recharge to divert rainwater into dug-wells; revival of agricultural extension system; reforms in agricultural marketing; schemes for development of market infrastructure including Terminal Markets; establishment of National Horticulture Mission; setting up of National Rainfed Area Authority and National Bamboo Mission, etc.; provision of crop loans upto Rs. 3 lakhs to farmers at reduced rate of interest; Rural Infrastructure Development Fund; Rajeev Gandhi Grameen Vidyutikaran Yojana; and several other initiatives. Further, several initiatives and programmes like Rashtriya Krishi Vikas Yojana and National Food Security Mission have been launched by the Government recently, which would

operationalise or facilitate operationalisation of National Policy for Farmers. Debt Relief / Debt Waiver scheme has been announced in the Union Budget 2008-09 to address the problems of the indebted farmers. Some schemes and programmes have also been proposed in the Eleventh Plan period, which, once implemented, augment the current schemes and programmes facilitating operationalisation of the National Policy for Farmers. Apart from these schemes and programmes, concerted actions are taken through Central assistance to the States for various activities connected to agriculture and allied sectors and through special / relief / rehabilitation packages, whenever occasion arises. Action is also constantly taken and monitored by the Central Ministries and Departments through various organizations, institutions, research and training institutes under their control and through other autonomous agencies.

3. The Rashtriya Krishi Vikas Yojana, launched by the Government recently, is an umbrella scheme under which most of the provisions of the National Policy for Farmers can be operationalised and implemented depending on the priorities of the State Governments.

4. The Agriculture Coordination Committee under the chairmanship of the Hon'ble Prime Minister would oversee and coordinate the integrated implementation of the National Policy for Farmers, 2007.

Recommendation Serial No.15(ii)

There should be greater role for local self Government Institutions in development of Agriculture

The National Policy for Farmers,2007 stipulates that steps would be taken to strengthen and accord centrality to Panchayats in addressing problems of farmers. A Committee was constituted by Cabinet Secretariat, to review modifications to be made in the existing guidelines for Centrally Sponsored Schemes to ensure the centrality of Panchayati Raj Institutions in their implemention. Guidelines issued under most of the Centrally Sponsored Schemes of the Department already contain enabling provisions to associate Panchayati Raj Institutions in implementation. However, in pursuance of the recommendations, State Governments have been requested by the Department of Agriculture & Cooperation to take following steps in addition to action already taken to associate Panchayati Raj Institution in implementation of Centrally Sponsored Schemes of the Department.

a) Identification of crops and beneficiaries of the schemes of the Department of Agriculture & Cooperation should be in consultation with District Panchayats.

b) Training, extension and awareness creation for these schemes should be through Panchayats and Gram Sabhas.

c) The officials in charge of the implementation of various schemes of the Department of Agriculture & Cooperation should attend the PRIs and Gram Sabha meeting to furnish relevant information and data regarding the schemes and to take appropriate action on the observations in these meetings.

Recommendation Serial No.15(iii)

All existing soil testing laboratories that are dormant should be revived along with the establishment of new ones

It is submitted that at present, there are 651 Soil Testing Laboratories functioning in the country with an analyzing capacity of 7.00 million soil samples per annum. The level of capacity utilization is 82%. The State Governments have been requested to improve the capacity utilization further.

2. It is further submitted that the Department of Agriculture and Cooperation is already providing financial assistance for strengthening of existing Soil Testing Laboratories and also for setting up of new Soil Testing Laboratories under the Centrally Sponsored Scheme "Balanced and Integrated Use of Fertilizers" through the annual Work Plans of the States under the Macro Management Schemes of Agriculture. Further, in the newly formulated Centrally Sponsored Scheme "National Project on Management of Soil Health and Fertility", there is a proposal to provide financial assistance for setting up of 500 static Soil Testing Laboratories during the 11th Plan and 250 mobile Soil Testing Laboratories during 2008-09.

Recommendation Serial No.15(iv)

Overall strategy should be devised, to improve the productivity of small farms/farmers;

The National Food Security Mission has been launched w.e.f.2007-08 in 311 identified districts of 17 States for enhancing the production and productivity of rice, wheat and pulses in the country. The total outlay of the Mission is Rs.4882.48 crore for the XI Plan. The States have been advised to allocate 30% of the budget to small and marginal farmers including women farmers for increasing the productivity of small farms. The assistance for critical inputs like

seeds, micronutrients, integrated pest management and integrated nutrient management is being provided for higher investment and output. Besides, the farmers are given training on improved production and protection technologies in rice, wheat and pulses for efficient use of available resources and applied inputs to achieve higher productivity.

Recommendation Serial No.15(v)

There is a dire need to keep gender-wise data on all aspects relating to agriculture

Agriculture Census Division of this Department has been collecting and publishing gender-wise information on number and area of operational holdings since 1995-96 Census for each State/UT and also at All India level.

A National Gender Resource Centre in Agriculture(NGRCA) has been set up in the Department of Agriculture and Cooperation(DAC) in 2004 to act as a focal point for the convergence of gender related activities and issues in agriculture and allied areas within and outside DAC; add gender dimension to agriculture policies and internalize gender specific interventions for bringing the farm women in the mainstream of agricultural development.

The MIS/Reporting formats of all schemes/programmes of Extension Division have been suitably revised to ensure flow of gender disaggregate data/information. These MIS formats were also shared with other divisions of DAC for a similar action.

Recommendation Serial No. – 15 (vi)

The Gap between 'know how' and 'do how' is to be plugged

1) As a support to the promotion of Agricultural mechanization, Farm Machinery Training and Testing Institutes were set up at Budni (M.P.) in 1955, Hissar (Haryana) in 1963, Garladinne, District Anantapur in 1983 and Biswanath Chariali (Assam) in 1990. These Institutes have since then engaged in developing human resource for agricultural mechanization The FMTTIs have been conducting different types of training programmes in the selection, operation, repair/maintenance and management of farm machinery for the benefit of nominees of Central/State Governments, Private Organizations, retired/retiring Defence Personnel, technicians, rural youth, farmers, women in agriculture and Foreign Nationals, sponsored under bilateral/international programmes.

2) To supplement the efforts of the FMTTIs in human resource development and to train large number of farmers at nearby places, outsourcing of the training through the SAUs, Agricultural Engineering colleges, polytechnics, etc., has been approved during the X plan w.e.f. from 2004-05. For training of farmers, the identified institutions are reimbursed Rs 2500 per trainee per month, which also includes a stipend of Rs 600 and to and fro travel expenses by normal mode of transport.

3) For improving the adoption of new technology equipments by the farmers for enhancing production and productivity, as well as for reducing the cost of production, it is necessary to properly demonstrate the utility of such equipments to the farmers. Therefore, with this aspect in view, the demonstration of newly developed agricultural equipment including horticultural equipment at farmers' fields has been included as a component of the scheme, 'Promotion and Strengthening of Agricultural Mechanization through Training, Testing and Demonstration', during the Tenth Plan. This scheme envisages conduct of demonstration of improved/newly developed agricultural/horticultural equipment, identified by the State Governments/Government Organizations at farmers' fields, to acquaint them about their use and utility for production of different types of crops. 100% grant is provided for the procurement of equipment and contingency expenditure on their demonstrations to the implementing agencies i.e State Governments, ICAR and SFCI.

The gap between 'know-how' and 'do-how' is also being addressed by providing skill oriented training to Extension Functionaries in all the Extension Education Institutes as also through Model Training Courses at various ICAR/SAUs and other Central Training Institutes.

Efforts are being made under ATMA programme, which is in operation in 565 districts to plug the gaps between 'know-how' and 'do-how' by providing skill based trainings and demonstrations to the farming community. Since the scheme follow a bottom-up and demand driven approach, the requisite extension support is provided in a gap-filling mode in agriculture and allied sectors.

Recommendation Serial No.15(vii)

ATMA may be located in KVKs

The ATMAs are largely located in the close vicinity of the institutions managing them. In majority of the cases, ATMAs are located in District Agriculture Office of the State Department of Agriculture if the charge of PD

(ATMA) is held by District Level Officer of Agriculture Department. However, in places where the PD(ATMA) post is held by KVKs/Companies/NGOs, the offices are located in the operational premises of the agency.

Recommendation Serial No.15(viii)

Awards may be instituted to encourage outstanding farmers.

There is an in-built provision to encourage outstanding farmers by way of giving awards to the farmers under ATMA programme. Farmer awards to the best farmer representing different enterprises at block level (05 farmers per block) have been incorporated in the cafeteria of activities with an amount of Rs.0.50 lakhs provided to each block for this purpose. Also, the outstanding progressive farmers are encouraged to run the Farm Schools to promote farmer-to-farmer extension under the ATMA Scheme.

The Department of Agriculture & Cooperation is in the process of instituting Lal Bahadur Shastri Krishi Ratna Awards for farmers for outstanding performance in agriculture and allied fields. The draft scheme has been pilot tested by the National Productivity Council. On the basis of the findings of the study the scheme is being revised and is expected to be finalized shortly.

Recommendation Serial No.15(ix)

Ecology should be conserved by the concept on conservation farming

Conservation farming which envisages the efficient use of available resources for optimum output is being followed in the National Food Security Mission and Integrated Cereal Development Programme (Macro Management Programme). The resource conservation technologies like zero tillage, rotavators and sprinkler system of irrigation are being promoted for the conservation of natural resources- soil and water. Besides, the system of rice intensification, a technology which economizes the use of water by about 25-30% as compared to conventional method of rice cultivation is also being popularized among farmers through organizing demonstrations at every 100 ha area coverage of the crop under National Food Security Mission. The total area targeted under system of rice intensification is 5 million ha by the year 2011-2012.

Recommendation Serial No.15(x)

Help of Department of Information Technology may be requisitioned to set up and make Gyan Chaupals efficient/effective

The National Policy for Farmers announced in 2007 by this Department states that:

"The potential of ICT would be harnessed by estabilishing Gyan Chuapals in villages. Further, the common service centres of the Department of Information Technology, Government of India and those set up by the State Governments and private initiative programmes will be evolved for inclusive and broad-based development. Thus, the structure of the ICT-based knowledge system would, inter alia, include setting up of such village centres. Last-mile and last-person connectivity would be facilitated with the help of technologies such as broadband internet, community radio, or internet-mobile phone synergies".

Presently, under the AGRISNET component of the Scheme "Strengthening/Promoting Agricultural Information System", assistance is being given to the State/UT Governments for establishing IT infrastructure and development of software at district and state level, with the objective of providing agriculture related information/services to the farmers.

This Department is also presently engaged in the designing the National e-Governance Plan in Agriculture (NeGP-A). Phase-I is complete with identification of 18 prioritized services and these identified services are envisaged to be provided to the farmers through the Common Service Centres (CSCs) of the Department of Information Technology (DIT).

Recommendation Serial No.15(xi)

Agri-clinics and Agri-Business Centres should be rejuvenated by engaging one graduate each from the fields of agriculture, veterinary science, commerce/marketing and home science.

The Agri-Clinics and Agri-Business Centres Scheme is open to the graduates of agriculture as well as allied disciplines like Horticulture, Animal Husbandry, Dairy, Veterinary, Poultry Farming and Pisciculture. The project could be taken up by individual graduates or a group of 5 or more trained graduates, one of whom could be non-agriculture graduate with experience in Business Development and Management. Thus, the scheme already provides for a multi-disciplinary approach, as suggested by the Hon'ble Committee.

Recommendation Serial No. – 15 (xii)

Greater attention should be accorded to the provision of simple and effective farm implements.

In order to make available various agricultural implements and machines at cheaper rates, assistance in the form of subsidy @ 25% of the cost with permissible ceiling limits is available to all farmers for the purchase of various agricultural equipments including hand tools, bullock-drawn/power-driven implements, planting, reaping, harvesting and threshing equipment, tractors, power-tillers and other specialized agricultural machines under the centrally sponsored scheme of Macro Management of Agriculture.

Recommendation Serial No. 15(Xiii)

Food Security should be ensured during all types of disasters.

In order to check the rising prices as well as filling the gap between demand and supply the Govt. has reduced the import duties on following items and prohibited the export of most of these items in order to improve the availability of the essential commodities in domestic market. The details as on 07.05.08 are as indicated below:

(i) Edible Oils: The prices of edible oils have been rising during the last one year. For increased availability and softening of the prices of edible oils in the domestic market the import duty on crude and refined oils has been reduced to zero and 7.5% w.e.f 01.04.2008.. The Govt. has also banned the export of all edible oils under Chapter 15 except Export of Castor Oil, Export of Coconut Oil through Kochi Port, 'Deemed export' of edible oils to 100% export oriented units with the condition that the final product be non-edible and Export of Oils produced out of minor forest produce.

(ii) Wheat: The import duty on Wheat (HS Code 1001 10 90 or 1001 90 20) and on Wheat flour(1101 00 00) has been reduced to zero w.e.f 09.09.06 and 31.12.07 respectively and the export of Wheat and Wheat flour (HS Code 1001 & 1101) has been banned w.e.f 08.10.07.

(iii) Pulses: The import duty on pulses has been reduced to zero w.e.f 08.06.06 and extended the period of validity of prohibition on exports of Pulses(except Kabuli Chana) upto 31.3.2009.

(iv) Rice: The import duty on Rice (1006 30) has been reduced to zero. The Govt. has permitted the export of Basmati Rice including dehusked, brown, semi-milled, milled both in either par-boiled or raw

condition (10063020 if the minimum FOB price is US $ 1200 per ton or Rs. 48,000/- per ton. Export of Basmati Rice will be restricted through Kandla, Kakinada, Kolkata, JNPT, Mumbai, Mundra, and Pipavav. The Govt. has prohibited the Export of Non-Basmati Rice(1006 10, 1006 10 10, 1006 10 90, 1006 20 00, 1006 30, 1006 30 10, 1006 30 90, 1006 40 00) w.e.f 01.04.2008.

This Department is responsible for measures relating to coordination of relief measures necessitated by drought, hailstorm and pest attack. The Ministry of Home Affairs is concerned with other natural calamities. The Ministry of Rural Development was implementing the Sampoorna Grameen Rozgar Yojana (SGRY) scheme, which came to an end on 31.3.2008. That scheme had a special component for augumenting food security through additional wage employment in the natural calamity affected rural areas after due notification by the State Government and its acceptance by the Ministry of Agriculture/Home Affairs. A separate allocation of food grains was considered and made to the affected States on the recommendation of the Ministry of Agriculture/Home Affairs. With effect from 1.4.2008, the National Rural Employment Guarantee Programme (NREGP) is implemented in the entire country with the exception of districts that have a 100% urban population. The objective of the programme is to enhance livelihood security in rural areas by providing at least 100 days of guaranteed wage employment in a financial year to every household whose adult members volunteer to do unskilled manual work.

Recommendation Serial No. – 15 (xiv)

Post harvest infrastructure be strengthened more on priority basis.

"Reforming Agricultural Markets & Promoting Post Harvest Technology" has been identified as one of the thrust areas for the Ministry of Agriculture by the Prime Minister's Office. Accordingly, the Department has formulated a new scheme on 'Post Harvest Technology and Management' for implementation during XI Plan period with budget outlay of Rs. 40.00 crores. The main components of the scheme are as under:

(v) Establishment of units for transfer of primary processing technology, value addition, low cost scientific storage, packaging units and technologies for by-product management in the production catchments under tripartite agreement.

(vi) Establishment of low cost PHT units/supply of PHT equipments with Government assistance.

(vii) Demonstration of technologies.

(viii) Training of farmers, entrepreneurs and scientists.

Development of Post-harvest/Marketing Infrastructure:

Ministry of Agriculture has recently formulated a reform-linked Central Sector Scheme on 'Development of Marketing Infrastructure, Grading and Standardization'. The scheme is aimed at the development of agricultural marketing infrastructure in the country to cater to the post-harvest requirements of production and marketable surplus of various farm products, promotion of competitive alternative agricultural marketing infrastructure by inducing private and cooperative sector investments, strengthening of existing agricultural marketing infrastructure to enhance efficiency, providing infrastructure facilities for grading, standardization and quality certification of agricultural produce, creation of general awareness and providing training to farmers, entrepreneurs and market functionaries etc. The scheme is reform-linked and has been approved for implementation in those States only, which amend their Agricultural Produce Market Committee (APMC)Act.

Through subsequent modifications in the scheme, the State Agencies such as State Agricultural Marketing Boards and APMCs have been allowed assistance under the scheme for the modernization and strengthening of existing marketing infrastructure and setting up of new facilities with no upper limit of subsidy on an investment from their own funds without borrowing from the financial institutions. The Department has sanctioned 3603 numbers of projects involving subsidy of Rs.16911.50 lakhs till 30.04.2008 under the scheme in the country.

A Centrally Sponsored Scheme on "National Horticulture Mission (NHM)" is being implemented for the holistic development of horticulture sector duly ensuring forward and backward linkages with the active participation of all the stakeholders in 18 States and 2 Union Territories

Creation of post harvest management infrastructure is one of major components under NHM, which includes establishment of pack houses, ripening chambers, cold storages, CA storages, refer vans, mobile/primary processing

units. Besides, wholesale markets, rural markets and terminal markets are also being established under NHM.

Recommendation Serial No.15(xv)

The issue of climate change should be considered in the gravity of it merits

Considering the possible impact climate change could have on Indian Agriculture production and economy, Indian Council of Agricultural Research(ICAR), Department of Agricultural Research & Education (DARE), Government of India, Ministry of Agriculture has launched a National Network Project on "Impacts, Adaptation and Vulnerability of Indian Agriculture to Climate Change" in 2004.

The major objectives of this Project are to quantify the sensitivity of crops including horticultural crops and plantations, soils, water, fish and livestock to global climatic changes and this information is being transferred to the field level for mitigation of adverse impact of climate change. Therefore, there is no need to have separate Cell or division as DARE is also a part of Ministry of Agriculture.

Recommendation No.15 (xvi)

All agricultural loans, long, medium and short, should be delivered at 4 % per annum as recommended by the National Commission for Farmers.

The National Commission on Farmers have not made specific recommendation for providing agricultural loan at the interest rate of 4 % per annum in their Revised Draft National Policy for Farmers (RDNPF). In RDNPF the Commission has recommended that the credit must be in time, in required quantity and at appropriate interest rates (para 1.5.6.1 RDNPF).

The Government has taken affirmative action to provide credit to the farmers at a lower rate. All the banks have been advised to lend crop loans to the farmers upto a principal amount of Rs.3.00 lakhs at the rate of interest of 7 % per annum.

Recommendation No.15(xvii)

The cases of loan defaulter should be dealt by constituting Debt Reconciliation Boards at district level.

Since Ministry of Finance, Department of Financial Services, is the nodal Ministry for the matter relating to constitution of Debt Reconciliation Boards, the recommendation of the Parliamentary Standing Committee has been conveyed

to them for taking appropriate action. As soon as action taken report is received from that Department, the Committee would be apprised.

Recommendation No.15(xviii)

MSPs be made differential based on crop-wise and region-wise considerations

The rationale behind a uniform MSP throughout the country is that it encourages greater investment and production in relatively low cost area due to a higher margin of profit and discourages production in the high cost area. Further, a uniform price encourages crop specialization and optimum use of nation's land and other recources on the basis of comparative advantage. The Agricultural Price Policy – A Long Term Perspective (1986) has also justified the uniform support price for the whole country on the ground that it alone can lead to efficient utilisation of resources.

The Commission for Agricultural Costs and Prices (CACP), among other factors, considers the cost of production of various crops for all the major producing States, as collected by different State Agricultural Universities under the Comprehensive Scheme for the Study of Cost of Cultivation of Ministry of Agriculture. Under the sampling design of the Comprehensive Scheme for Studying the Cost of Cultivation of Principal Crops, each State is demarcated into a homogenous agro-climatic zone based on cropping pattern, soil type, rainfall, etc. The primary sampling units (Tehsils) are allocated to different zones in proportion to total area of all the crops covered in the study. Based on this, cost of production per quintal is worked out for the major growing states, for specific crops, and their weighted average is estimated and considered by CACP, among other factors, for recommending MSP.

While recommending MSP, an effort is made to cover at least the paid out expenses (A2) of farmers in high cost regions plus the imputed cost (FL) of family labour (i.e. A2+FL cost) and C2 cost(i.e.full cost of production including the imputed rental value of owned land and capital) in relatively efficient states, keeping some margin for the benefit of farmers.

Recommendation No.15(xix)

Forward markets be regulated more stringently to channel benefits to farmers

The subject matter pertains to the Department of Consumer Affairs in the Ministry of Consumer Affairs and Food & Public Distribution. DAC has conveyed the recommendation of the Committee to that Department and requested them to

furnish the ATN to Lok Sabha Secretariat directly under intimation to this Department.

Recommendation No. 15(xx)

All schemes under Horticulture Division be evaluated to assess their performance

Mid Term Evaluation of the schemes of National Horticulture Mission, Micro Irrigation, Coconut Development Board and National Horticulture Board have been entrusted to different agencies and the reports are likely to be received shortly.

Recommendation No: 15 (xxi)

Modified National Agricultural Insurance Scheme (MNAIS) be implemented without further delay throughout the country.

Based on the recommendations of the Joint Group on Crop Insurance constituted by this Department and views/comments of various stake-holders, draft Modified National Agricultural Insurance Scheme (MNAIS) was prepared, and sent to the Planning Commission and Department of Expenditure, Ministry of Finance for 'in principle' approval as early as 3rd February, 2005. The Modified NAIS was subsequently, discussed in the Planning Commission and in the meeting of AM with FM on 22.06.2005 and 24.06.2005 respectively. Keeping in view the suggestions of Planning Commission and Hon'ble Finance Minister, further improvements in the proposed MNAIS were made and the proposal was sent to the Planning Commission and Deptt. of Expenditure for 'in principle' approval on 27th February, 2006 and 29th March, 2006 respectively.

In the meantime, this Department finalized the Memorandum for the Expenditure Finance Committee on the MNAIS on the basis of views/comments of the appraisal agencies including the Planning Commission and Department of Expenditure and submitted the same for the consideration of the EFC. EFC meeting was scheduled to consider the proposal on MNAIS on 20th December, 2006, but the meeting was postponed at the instance of the Planning Commission. The Planning Commission has been repeatedly requested at the level of Agriculture Minister/Secretary (A&C) for clearance of the proposal of MNAIS so that further action in the matter can be taken."

Comments of the Committee

5.7 For comments of the Committee please refer to Paragraph No. 1.28 of Chapter-I of the Report.

NEW DELHI;
16 December, 2008
25 Agrahayana, 1930(Saka)

MOHAN SINGH
Chairman,
Standing Committee on Agriculture

APPENDIX I

MINUTES OF THE SIXTH SITTING OF THE STANDING COMMITTEE ON AGRICULTURE HELD ON TUESDAY, THE 16TH DECEMBER, 2008 AT 1000 HRS. IN COMMITTEE ROOM NO. '139', FIRST FLOOR, PARLIAMENT HOUSE ANNEXE, NEW DELHI

The Committee sat from 1000 HRS TO 1100 HRS

PRESENT

Shri Mohan Singh - Chairman

MEMBERS

LOK SABHA

2. Shri Girdhari Lal Bhargava
3. Shri Khagen Das
4. Shri Deepender Singh Hooda
5. Smt. Kalpana Ramesh Narhire
6. Shri Prabodh Panda
7. Smt. Rupatai D.Patil Nilangekar
8. Shri K.J.S.P. Reddy

RAJYA SABHA

9. Smt. Mohsina Kidwai
10. Dr. Janardhan Waghmare
11. Shri Sharad Anantrao Joshi
12. Prof. M.S. Swaminathan

SECRETARIAT

1.	Shri A. K. Singh	-	Joint Secretary
2.	Smt. Veena Sharma	-	Director
3.	Shri Raj Kumar	-	Deputy Secretary
4.	Shri N. S. Hooda	-	Deputy Secretary
5.	Ms. Amita Walia	-	Under Secretary

At the outset, the members welcomed Shri Mohan Singh, the new Chairman of the Standing Committee on Agriculture appointed in place of Prof. Ram Gopal Yadav who has been elected to the Rajya Sabha. The Hon'ble Chairman then welcomed the Members to the sitting of the Committee and requested them to take up the following draft Action Taken Reports on Demands for Grants (2008-09) of the Ministry of Agriculture and Ministry of Food Processing Industries for consideration and adoption:

(1) 42nd Action Taken Report on recommendations contained in the 37th Report on Demands for Grants (2008-09) in respect of Ministry of Agriculture (Deptt. of Agriculture and Co-operation)

xxx xxx xxx xxx

2 The Committee then considered and adopted the draft Action Taken Reports with minor additions/modifications as suggested by members of the Committee.

3. The Committee, thereafter, authorized the Chairman to finalise and present the above-mentioned Reports to the Parliament.

The Committee then adjourned.

APPENDIX II

(Vide Para 4 of Introduction of the Report)

ANALYSIS OF ACTION TAKEN BY GOVERNMENT ON THE THIRTY SEVENTH REPORT OF STANDING COMMITTEE ON AGRICULTURE (14TH LOK SABHA)

(i)	Total number of Recommendations	15
(ii)	Observations/Recommendations which have been Accepted by the Government	
	Serial Nos. 1, 5, 6, 7, 8, 12, and 14	
	Total	7
	Percentage	46.67%
(iii)	Observations/Recommendations which the Committee Do not desire to pursue in view of the Government's replies	
	NIL	
(iv)	Observations/Recommendations in respect of which replies of the Government have not been accepted by the Committee	
	Serial No. 3, 9, 10, 11 and 13	
	Total	5
	Percentage	33.33%
(v)	Observations/Recommendations in respect of which Final replies of the Government are still awaited	
	Serial Nos. 2, 4 and 15	
	Total	3
	Percentage	20%